

## Financial Review

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### Overview

- September 2017 financials
- March 2018 financials
- Industry ratio tests
- Ten-year trend graphs

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6-26-2018

## September 2017 year end financial results

- Cash and investments up \$3.2M due to strong financial year, and timing of collections on property reinsurance receivables.
- Claim reserves down \$623K from year-end due to favorable development on prior year claims.
- Net contributions up \$913K, or 17%, over prior year due to new business and rate increases.
- Loss and LAE expense came in \$1.4M favorable to budget.
- Surplus grew \$2.1M during the year, compared to a budgeted growth of \$94K.

## March 2018 quarter end financial results

- Cash and investments up \$1.2 million, or 7%, from year-end due to timing of collections on 2017-18 renewals.
- Claim reserves down \$240K from year-end due to paid claims running higher than normal.
- Net contributions down \$196K, or 10%, from Q2 of prior year due primarily to loss of City of Columbus.
- Loss and LAE expense up \$869K compared to Q2 of prior year due primarily to one large workers compensation claim that has reached the \$750K retention.
- Q2 net loss of \$637K in 2017/18 as compared to \$755K net income through six months last year.

## Industry ratio tests

*Measure performance using common industry ratios*

- Loss reserves to surplus
- Contributions to surplus
- Self-insured retention to surplus
- Loss and LAE to contributions
- Liquid assets to liabilities

## Loss reserves to surplus

*Shows ability to withstand adverse claim development*

*Goal is less than 100% (could be higher for long-tail lines)*

Loss reserves as of 9-30-17 = 4,150,531

Surplus as of 9-30-17 = 11,401,694

Ratio as of 9-30-17 = 36.4%



## Contributions to surplus

*Shows flexibility to increase retention,  
increase membership or return dividends*

*Goal is less than 300%*

Contributions for 2016-2017 = 8,526,373

Surplus as of 9-30-17 = 11,401,694

Ratio as of 9-30-17 = 74.8%

## Self-insured retention to surplus

*Shows ability to withstand large claims*

*Goal is less than 25%*

Largest retention as of 9-30-17 = 750,000

Surplus as of 9-30-17 = 11,401,694

Ratio as of 9-30-17 = 6.6%

### **Loss and LAE to contributions**

*Shows profitability; must also be able to cover non-claim expense*

*Goal is less than 45%*

Loss & LAE incurred for 2016-2017 = 1,806,212

Contributions for 2016-2017 = 8,526,373

Ratio as of 9-30-17 = 21.2%

### **Liquid assets to liabilities**

*Shows liquidity needed to pay existing liabilities*

*Goal is greater than 100%*

Liquid assets as of 9-30-17 = 23,022,316

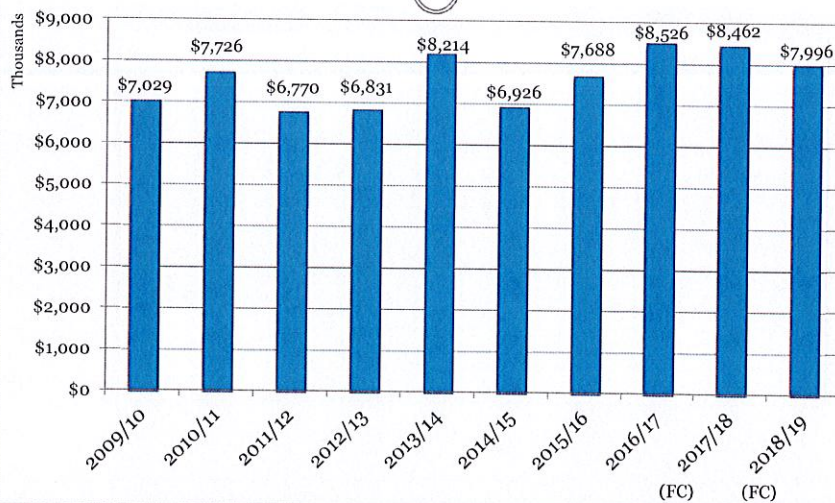
Liabilities as of 9-30-17 = 11,620,622

Ratio as of 9-30-17 = 198.1%

## Ten-year trend graphs

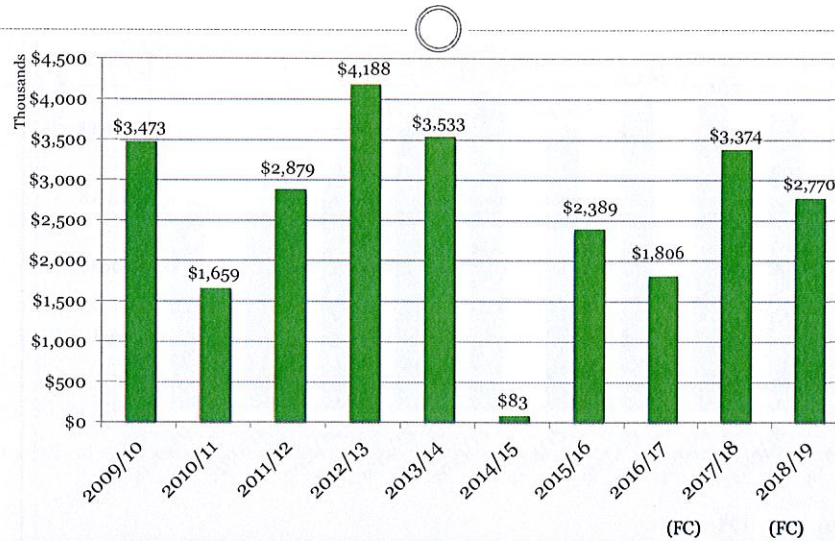
- Contributions
- Net Losses
- Net Loss as Percentage of Contribution
- Reinsurance Cost
- Reinsurance Cost as Percentage of Contribution
- Other Expenses
- Other Expenses as Percentage of Contribution
- Year-End Surplus

## Contributions

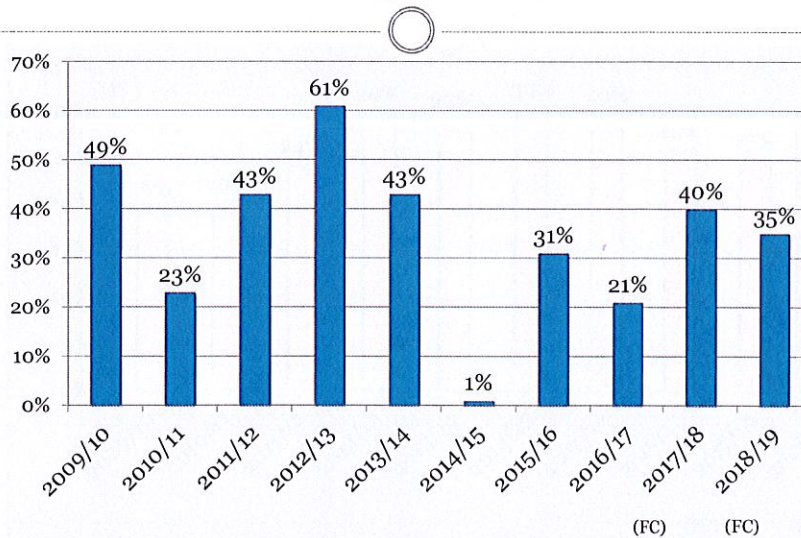




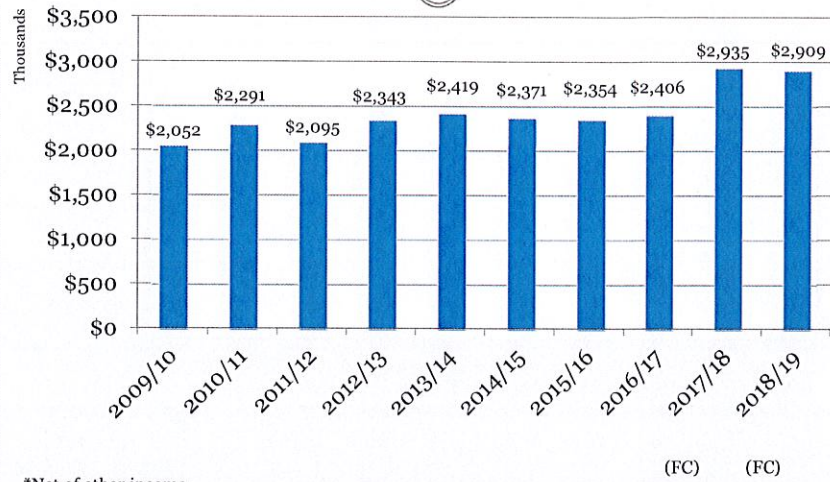
## Net Losses



## Net Loss as Percentage of Contribution

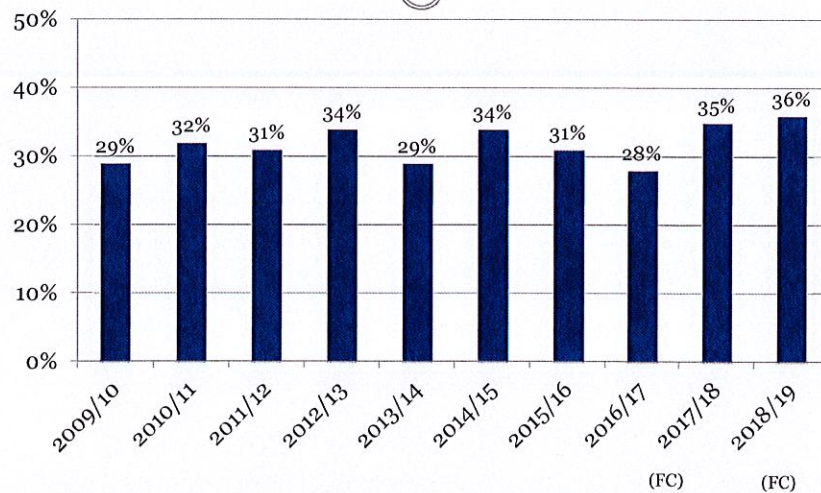


## Other Expenses\*



\*Net of other income.

## Other Expenses as Percentage of Contribution





## Year-End Surplus

