



SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**AUDITED FINANCIAL REPORTS**

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**MUNICIPAL MUTUAL INSURANCE COMPANY OF WEST VIRGINIA  
WELLSBURG, WEST VIRGINIA**

**AUDIT REPORT  
DECEMBER 31, 2015**

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
DECEMBER 31, 2015**

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**AUDITED FINANCIAL REPORTS**



**ZENO, POCKL, LILLY AND COPELAND, A.C.**

Certified Public Accountants & Advisors

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Municipal Mutual Insurance Company of West Virginia  
Wellsburg, WV 26070

**Report on the Financial Statements**

We have audited the accompanying statutory financial statements of Municipal Mutual Insurance Company of West Virginia which comprise the statutory statements of admitted assets, liabilities, and policyholders' surplus as of December 31, 2015 and 2014, and the related statutory statements of income, changes in policyholders' surplus, and cash flows for the years then ended, and the related notes to the statutory financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Insurance Department of the State of West Virginia. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

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**AUDITED FINANCIAL REPORTS**

**Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles**

As described in Note 1 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Insurance Department of the State of West Virginia, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U. S. Generally Accepted Accounting Principles**

In our opinion, because of the effects of the matter discussed in the "Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Municipal Mutual Insurance Company of West Virginia at December 31, 2015 and 2014, or the results of its operations or its cash flows for the years then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and policyholders' surplus of Municipal Mutual Insurance Company of West Virginia at December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.

*Zeno Pochel, Lilly and Cymbal, A.C.*

Wheeling, West Virginia  
May 2, 2016

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES,  
AND POLICYHOLDERS' SURPLUS**

	December 31,	
ADMITTED ASSETS	2015	2014
Investments:		
Bonds	\$ 17,966,793	\$ 15,515,043
Stocks	10,235,544	11,135,718
Cash, cash equivalents, and short-term investments	2,192,859	2,705,838
Real estate loans	237,161	243,428
Total investments	30,632,357	29,600,027
Real estate - home office, at cost:		
Land	115,391	115,391
Buildings, net of accumulated depreciation of \$24,524 in 2015 and \$7,213 in 2014	841,014	858,325
Net real estate	956,405	973,716
Amounts recoverable under reinsurance contracts	141,495	326,292
EDP system, net of accumulated depreciation of \$342,752 in 2015 and \$324,646 in 2014	27,161	45,265
Prepaid federal income taxes	13,418	46,352
Accrued interest receivable	71,892	71,301
Receivables from policyholders	2,432,357	2,415,624
Other assets	-	18,993
	\$ 34,275,085	\$ 33,497,570
<b>LIABILITIES AND POLICYHOLDERS' SURPLUS</b>		
Reserve for losses and loss expenses	\$ 2,683,689	\$ 2,896,188
Expenses due and accrued:		
Accounts payable	31,553	110,839
Accrued taxes and sundry liabilities, excluding taxes on income	93,260	65,327
Accrued contingent commissions	193,606	224,447
Deferred tax liability	447,617	541,201
Deferred compensation	278,538	291,989
Total expenses due and accrued	1,044,574	1,233,803
Premiums received in advance	231,916	358,324
Reserve for unearned premiums	7,214,881	7,028,920
Total liabilities	11,175,060	11,517,235
Policyholders' surplus	23,100,025	21,980,335
	\$ 34,275,085	\$ 33,497,570

See accompanying notes to the statutory financial statements.

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
STATUTORY STATEMENTS OF INCOME**

	Year Ended December 31,	
	2015	2014
<b>UNDERWRITING INCOME, NET</b>		
Premiums earned	\$ 12,122,226	\$ 10,773,880
Losses and expenses incurred:		
Losses	6,505,432	8,125,620
Loss adjustment expense	598,055	568,237
Underwriting expense	3,926,268	3,863,089
Total losses and expenses incurred	11,029,755	12,556,946
Underwriting income (loss), net	1,092,471	(1,783,066)
<b>INVESTMENT INCOME, NET</b>		
Income:		
Interest earned:		
Bonds	390,211	372,104
Time and other interest-bearing deposits	931	2,483
Real estate loans	8,881	9,090
Total interest	400,023	383,677
Dividends on stocks	292,589	296,755
Rent recognized on company facilities	48,000	36,000
Realized gains	303,183	364,083
Total investment income	1,043,795	1,080,515
Investment expense	237,897	203,247
Investment income, net	805,898	877,268
<b>OTHER INCOME, NET</b>	166,427	262,833
Investment and other income, net	972,325	1,140,101
Income (loss) before federal income taxes	2,064,796	(642,965)
<b>FEDERAL TAXES ON INCOME</b>	291,662	-
Net income (loss)	\$ 1,773,134	\$ (642,965)

See accompanying notes to the statutory financial statements.

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
STATUTORY STATEMENTS OF CHANGES IN POLICYHOLDERS' SURPLUS**

<b>BALANCE, DECEMBER 31, 2013</b>	\$ 22,001,701
2014 net loss	(642,965)
Net changes in non-admitted assets	(98,589)
Change in net deferred income tax	893
Unrealized gain from revaluation of investments	<u>719,295</u>
<b>BALANCE, DECEMBER 31, 2014</b>	21,980,335
2015 net income	1,773,134
Net changes in non-admitted assets	(16,209)
Change in net deferred income tax	93,584
Unrealized loss from revaluation of investments	<u>(730,819)</u>
<b>BALANCE, DECEMBER 31, 2015</b>	<u>\$ 23,100,025</u>

See accompanying notes to the statutory financial statements.

**AUDITED FINANCIAL REPORTS****Municipal Mutual Insurance Company of West Virginia  
STATUTORY STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2015	2014
<b>CASH FROM OPERATIONS</b>		
Premiums collected, net of reinsurance	\$ 12,165,042	\$ 11,311,116
Net investment income	569,149	559,297
Miscellaneous income	166,427	262,832
Total	<u>12,900,618</u>	<u>12,133,245</u>
Benefit and loss related payments	6,528,680	8,207,843
Commissions, expenses paid, and aggregate write-ins for deductions	4,610,972	4,384,026
Federal income taxes (recovered)	258,728	(150,790)
Total	<u>11,398,380</u>	<u>12,441,079</u>
<b>NET CASH FROM (USED IN) OPERATIONS</b>	<u>1,502,238</u>	<u>(307,834)</u>
<b>CASH FROM INVESTMENTS</b>		
Proceeds from investments sold, matured, and principal paydowns:		
Bonds	2,267,727	3,543,835
Stocks	643,654	1,007,483
Mortgage loans	6,268	6,569
Real estate	-	173,203
Miscellaneous	-	7,213
Total investment proceeds	<u>2,917,649</u>	<u>4,738,303</u>
Cost of investments acquired:		
Bonds	4,769,634	4,172,708
Stocks	159,119	292,864
Real estate	-	530,558
Total investments acquired	<u>4,928,753</u>	<u>4,996,130</u>
<b>NET CASH USED IN INVESTMENTS</b>	<u>(2,011,104)</u>	<u>(257,827)</u>
<b>CASH FROM FINANCING</b>		
Other sources (applications)	<u>(4,114)</u>	<u>(291,251)</u>
<b>NET CASH USED IN FINANCING</b>	<u>(4,113)</u>	<u>(291,251)</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS</b>	<u>(512,979)</u>	<u>(856,912)</u>
<b>CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS, JANUARY 1</b>	<u>2,705,838</u>	<u>3,562,750</u>
<b>CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS, DECEMBER 31</b>	<u>\$ 2,192,859</u>	<u>\$ 2,705,838</u>

See accompanying notes to the statutory financial statements.

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting Practices - Municipal Mutual Insurance Company of West Virginia (the "Company") operates exclusively in the property-casualty insurance industry in the States of Ohio, Pennsylvania, and West Virginia. The accompanying statutory financial statements have been prepared in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Insurance Department of the State of West Virginia.

Use of Estimates - The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments - Investment securities are carried in accordance with valuations established by the National Association of Insurance Commissioners, i.e., bonds are generally carried at cost, adjusted where appropriate for amortization of premium or accretion of discount, and stocks are carried generally at fair value. Cumulative net unrealized gains on common stocks credited to policyholders' surplus amounted to \$3,440,590 and \$4,171,407 at December 31, 2015 and 2014, respectively. Time deposits and short-term investments are carried at cost, which approximates market. The Company owns no preferred stocks.

Real estate investments are classified on the statutory statement of admitted assets, liabilities, and policyholders' surplus as properties occupied by the Company. These properties are carried at cost less an allowance for depreciation. First lien mortgages are stated at their unpaid principal balance. The Company has two outstanding mortgage loans: one is current and one is delinquent as of December 31, 2015.

The Company has pledged a U. S. Treasury Bond in the face amount of \$100,000 to meet the requirements of the State of Ohio Insurance Department. The bond matures May 15, 2016, and had a fair value of \$102,422 at December 31, 2015.

Net investment income consists primarily of bond interest, dividends on stocks, interest on bank accounts, interest on mortgage loans, and rent from occupancy of its own buildings. Bond interest is recorded on the accrual basis and dividends are recorded on the ex-dividend basis. Bank interest, mortgage interest, and rental income are recorded monthly to reflect actual income earned.

Reserve for Losses and Loss Expenses - The Company provides a reserve for losses based on (a) aggregate case basis estimates for losses reported in respect to direct premiums written, and (b) estimates of unreported losses based on past experience.

The Company provides a reserve for loss adjustment expenses by estimating future expenses to be incurred in settlement of the claims provided for in the reserve for losses. The Company does not discount any of its loss or loss adjustment expense reserves.

The provisions are necessarily estimates and may be settled for significantly greater or lesser amounts. It is at least reasonably possible that management will revise this estimate significantly in the near term. Any adjustments not presently ascertainable will be reflected in the operating results of the year in which the adjustments are determined.

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

Premiums Earned and Agents' Commissions - Expenses incurred in connection with acquiring new business such as commissions are charged to operations as incurred. Direct commissions to agents (excluding contingent) of the Company on direct premiums written amounted to \$1,981,245 and \$1,881,320 in 2015 and 2014, respectively.

The Company has executed contingent commission agreements with agents to provide for additional commissions based on each participating agent's respective volume of direct premium writings and paid loss experience during the calendar year. Contingent commissions under the agreements amounted to \$189,969 and \$220,800 in 2015 and 2014, respectively.

Reinsurance - The Company has entered into several reinsurance arrangements whereunder certain risks are transferred to other insurance companies. The arrangements include catastrophe reinsurance (for losses arising out of identifiable disasters), and excess-of-loss reinsurance (for losses in excess of stipulated minimums retained by the Company). Premiums earned were reduced by reinsurance premiums ceded of \$741,835 and \$1,409,057 in 2015 and 2014, respectively. Losses incurred were reduced by amounts recoverable from reinsurers of \$837,846 and \$2,375,928 in 2015 and 2014, respectively.

Depreciation - Depreciation of the office buildings, components, and equipment is recognized using the straight-line method over their estimated useful lives. Buildings are depreciated over 50 years, building improvements over 10 years, and equipment over 5 years. Depreciation charged to expense in 2015 was \$17,311 for buildings and improvements and \$11,550 for equipment.

Electronic data processing equipment as recorded on the Company's statutory statement of admitted assets, liabilities, and policyholders' surplus reflects the cost of the primary computer used in the Company's daily processing operations. Depreciation is recognized using the straight-line method over an estimated useful life of 3 years. Depreciation charged to operations for this system in 2015 was \$18,106.

Cash and Short-Term Investments - For the purposes of inclusion in the statutory statement of cash flows, the Company defines cash and short-term investments as cash on hand, cash in banks, and money market deposit funds with financial institutions.

**NOTE 2 - ACCOUNTING CHANGES**

The Company adopted no accounting changes for 2015 or 2014.

**NOTE 3 - INVESTMENT INCOME**

The Company records as non-admitted assets any investment income over 90 days past due and any mortgage interest past due more than 180 days. There was no investment income overdue more than 90 days. One of the two loans receivable was overdue more than 180 days of principal (\$4,056) and interest (\$1,554) at December 31, 2015. Total investment income accrued was \$71,891 and \$71,301 at December 31, 2015 and 2014, respectively.

## AUDITED FINANCIAL REPORTS

**Municipal Mutual Insurance Company of West Virginia**  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 4 - INVESTMENTS**

The estimated fair value of investment securities are as follows at December 31, 2015 and 2014:

	December 31, 2015			Fair Value
	Cost	Unrealized		
		Gain	(Loss)	
<b>Bonds:</b>				
Industrial	\$ 4,961,751	\$ 40,586	\$ (60,456)	\$ 4,941,881
States & political subdivisions	6,630,905	175,564	(3,791)	6,802,678
U. S. governments	6,374,137	45,504	(73,439)	6,346,202
Total bonds	<u>17,966,793</u>	<u>261,654</u>	<u>(137,686)</u>	<u>18,090,761</u>
<b>Common stocks:</b>				
Industrial	5,036,535	3,493,314	(365,573)	8,164,276
Mutual funds	1,758,419	312,849	-	2,071,268
Total common stocks	<u>6,794,954</u>	<u>3,806,163</u>	<u>(365,573)</u>	<u>10,235,544</u>
Cash & short term investments	2,192,859	-	-	2,192,859
Real estate loans	237,161	-	-	237,161
Total investments	<u>\$ 27,191,767</u>	<u>\$ 4,067,817</u>	<u>\$ (503,259)</u>	<u>\$ 30,756,325</u>
	December 31, 2014			Fair Value
	Cost	Unrealized		
		Gain	(Loss)	
<b>Bonds:</b>				
Industrial	\$ 4,921,411	\$ 55,776	\$ (44,372)	\$ 4,932,815
States & political subdivisions	6,255,977	159,921	(25,137)	6,390,761
U. S. governments	4,337,655	27,317	(36,839)	4,328,133
Total bonds	<u>15,515,043</u>	<u>243,014</u>	<u>(106,348)</u>	<u>15,651,709</u>
<b>Common stocks:</b>				
Industrial	5,191,215	4,096,103	(241,995)	9,045,323
Mutual funds	1,773,098	317,297	-	2,090,395
Total common stocks	<u>6,964,313</u>	<u>4,413,400</u>	<u>(241,995)</u>	<u>11,135,718</u>
Cash & short term investments	2,705,838	-	-	2,705,838
Real estate loans	243,428	-	-	243,428
Total investments	<u>\$ 25,428,622</u>	<u>\$ 4,656,414</u>	<u>\$ (348,343)</u>	<u>\$ 29,736,693</u>

## AUDITED FINANCIAL REPORTS

**Municipal Mutual Insurance Company of West Virginia**  
**NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 4 – INVESTMENTS (CONTINUED)**

The following table shows the future maturities of debt securities as of December 31, 2015:

	<u>Cost</u>	<u>Fair Value</u>
Maturing in less than one year	\$ 685,816	\$ 673,380
Maturing in one to five years	3,766,824	3,786,582
Maturing in five to ten years	7,482,998	7,617,075
Maturing in ten to twenty years	3,111,773	3,118,121
Maturing in more than twenty years	<u>2,919,382</u>	<u>2,895,603</u>
Total	<u>\$17,966,793</u>	<u>\$ 18,090,761</u>

On a periodic basis, management evaluates the severity and duration of impairment for its investment securities portfolio. Generally, impairment is considered other than temporary when an investment security has sustained a decline of 10 percent or more for 6 months. In addition, management considers the ability of the Company to hold the security for a period sufficient to allow for recovery, as well as evaluating the financial condition of the issuer.

At December 31, 2015, none of the bonds owned by the Company exhibited characteristics of impairment as described above. However, certain securities in the Company's common stock portfolio exhibit characteristics of other than temporary impairment. Management indicates that the Company has the intent and ability to hold such securities for an extended period to allow for recovery. Management has also concluded that any potential amounts of other than temporary losses in the stock portfolio would not be material to the Company's financial statements.

The following table shows the gross unrealized losses and fair value, aggregated by investment category and lengths of time, that the individual securities have been in a continuous unrealized loss position at December 31, 2015 and 2014.

	2015					
	<u>Less than 12 months</u>		<u>12 Months or Greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>	<u>Gross Unrealized Losses</u>
Bonds:						
Industrial	\$ 791,415	\$ (6,425)	\$ 2,695,049	\$ (54,031)	\$ 3,486,464	\$ (60,456)
States & political subdivisions	487,107	(337)	289,326	(3,454)	776,433	(3,791)
U. S. governments	<u>2,449,672</u>	<u>(33,629)</u>	<u>2,355,377</u>	<u>(39,810)</u>	<u>4,805,049</u>	<u>(73,439)</u>
Total bonds	3,728,194	(40,391)	5,339,752	(97,295)	9,067,946	(137,686)
Common stocks:						
Industrial	<u>401,140</u>	<u>(38,416)</u>	<u>442,390</u>	<u>(327,157)</u>	<u>843,530</u>	<u>(365,573)</u>
Total securities	<u>\$4,129,334</u>	<u>\$ (78,807)</u>	<u>\$5,782,142</u>	<u>\$ (424,452)</u>	<u>\$ 9,911,476</u>	<u>\$ (503,259)</u>

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 4 – INVESTMENTS (CONTINUED)**

	2014					
	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Bonds:						
Industrial States & political subdivisions	\$ 925,648	\$ (11,793)	\$ 1,770,867	\$ (32,579)	\$ 2,696,515	\$ (44,372)
U. S. governments	101,898	(769)	1,111,421	(24,368)	1,213,319	(25,137)
Total bonds	<u>1,155,290</u>	<u>(8,029)</u>	<u>1,786,921</u>	<u>(28,810)</u>	<u>2,942,211</u>	<u>(36,839)</u>
	2,182,836	(20,591)	4,669,209	(85,757)	6,852,045	(106,348)
Common stocks:						
Industrial	411,870	(27,931)	74,433	(214,064)	486,303	(241,995)
Total securities	<u>\$ 2,594,706</u>	<u>\$ (48,522)</u>	<u>\$ 4,743,642</u>	<u>\$ (299,821)</u>	<u>\$ 7,338,348</u>	<u>\$ (348,343)</u>

**NOTE 5 – INCOME TAXES**

Deferred Tax Asset/(Liability)

1. Components of Net Deferred Tax Asset/(Liability)

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Adjusted gross deferred tax assets	\$ 722,183	\$ -	\$ 722,183	\$ 877,077	\$ -	\$ 877,077	\$(154,894)	\$ -	\$(154,894)
Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
Adjusted gross deferred tax assets	722,183	-	722,183	877,077	-	877,077	(154,894)	-	(154,894)
Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
Subtotal net admitted deferred tax assets	722,183	-	722,183	877,077	-	877,077	(154,894)	-	(154,894)
Deferred tax liabilities	-	1,169,800	1,169,800	-	1,418,278	1,418,278	-	248,478	248,478
Net admitted deferred tax assets/(net deferred tax liability)	<u>\$ 722,183</u>	<u>\$ (1,169,800)</u>	<u>\$(447,617)</u>	<u>\$ 877,077</u>	<u>\$(1,418,278)</u>	<u>\$(541,201)</u>	<u>\$(154,894)</u>	<u>\$ 248,478</u>	<u>\$ 93,584</u>

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 5 – INCOME TAXES (CONTINUED)**

**2. Admission Calculation Components**

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ -	\$ -	\$ -	\$ 25,766	\$ -	\$ 25,766	\$ (25,766)	\$ -	\$ (25,766)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after the application of the threshold limitation. (The lesser of 2(b) and 2(b)2 below:	-	-	-	-	-	-	-	-	-
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	37,750	-	37,750	-	-	-	37,750	-	37,750
2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	3,327,448	-	-	3,135,284	-	-	192,164
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	<u>684,433</u>	<u>-</u>	<u>684,433</u>	<u>851,311</u>	<u>-</u>	<u>851,311</u>	<u>(166,878)</u>	<u>-</u>	<u>(166,878)</u>
d. Deferred tax assets admitted as the result of application of SSAP 101 Total	<u>\$ 722,183</u>	<u>\$ -</u>	<u>\$ 722,183</u>	<u>\$ 877,077</u>	<u>\$ -</u>	<u>\$ 877,077</u>	<u>\$(154,894)</u>	<u>\$ -</u>	<u>\$(154,894)</u>

**3. Other Admissibility Criteria**

	<u>2015</u>	<u>2014</u>
Ratio percentage used to determine recovery period and threshold limitation amount	1,280%	1,268%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 23,100,027	\$ 21,980,335

**4. Impact of Tax Planning Strategies**

Not applicable

**5. Deferred Tax Liabilities Not Recognized**

Not applicable

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 5 – INCOME TAXES (CONTINUED)**

6. Current and Deferred Income Taxes

	<u>2015</u>	<u>2014</u>	<u>Change</u>
a. Current Income Tax			
Federal	\$ 291,662	\$ -	\$ 291,662
b. Deferred Tax Assets			
1. Ordinary			
Discounting of unpaid losses	\$ 136,868	\$ 157,552	\$ (20,684)
Unearned premium reserve	490,612	477,967	12,645
Compensation/benefit accrual	94,703	99,277	(4,574)
NOL carry forward	-	142,281	(142,281)
Deferred tax assets	<u>722,183</u>	<u>877,077</u>	<u>(154,894)</u>
Statutory valuation allowance adjustment	-	-	-
Nonadmitted	-	-	-
Admitted deferred tax assets	<u>722,183</u>	<u>877,077</u>	<u>(154,894)</u>
c. Deferred Tax Liabilities			
Capital Investments	<u>1,169,800</u>	<u>1,418,278</u>	<u>(248,478)</u>
d. Net deferred tax assets/(liabilities)	<u>\$ (447,617)</u>	<u>\$ (541,201)</u>	<u>\$ (93,584)</u>

7. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

	<u>2015</u>	<u>Effective Tax Rate %</u>
Provision (benefit) computed at statutory rate	\$ 702,031	34.0%
Tax exempt income deduction	(58,122)	(2.80)
Proration of tax exempt income	8,718	0.40
Dividend received deduction	(58,371)	(2.80)
Change in ordinary and capital deferred tax items	<u>(209,011)</u>	<u>(10.10)</u>
Totals	<u>\$ 385,245</u>	<u>18.70%</u>
Federal income tax (benefit) incurred	\$ 291,662	14.20%
Change in net deferred income taxes	<u>93,583</u>	<u>4.50</u>
Total statutory income taxes	<u>\$ 385,245</u>	<u>18.70%</u>

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 5 – INCOME TAXES (CONTINUED)**

**8. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits**

- a. The Company incurred a Net Operating Loss for 2014. Of that loss, the Company carried back \$302,622 to tax year 2013 to recoup all available taxes of \$101,272. The remainder of the net operating loss of \$568,000 was used to offset income in 2015.
- b. Subsequent to the carryforward of 2014 of the Net Operating Loss to 2015, the Company has no taxes available for recoupment for the years 2014 or 2013.
- c. The Company had no protective tax deposits under Section 6603 of the Internal Revenue Code.

**9. Consolidated Federal Income Tax Return**

Not applicable.

**NOTE 6 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT  
BENEFITS, AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT  
BENEFIT PLANS**

The Company maintains a 401(k) profit sharing plan. Each eligible employee is permitted to contribute to this plan up to the maximum permitted by federal law. The Company contributed 3 percent of each eligible employee's taxable wages to this plan in 2015. These contributions in 2015 totaled \$28,659 and were expensed in 2015. All future Company contributions to the 401(k) are at the discretion of the Company.

The Company has a supplemental retirement plan for two retired officers. The plan guarantees the former employees a monthly benefit amount equal to 70 percent of each employee's base salary. The guaranteed amount shall be reduced by normal retirement benefits and any social security benefits paid to the employees. The Company has accrued a deferred compensation liability of \$278,538 and \$291,990 at December 31, 2015 and 2014, respectively. For 2015 and 2014, total payments of approximately \$2,690 per month have been made under this plan.

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 7 – CAPITAL AND SURPLUS, SHAREHOLDERS’ RESTRICTIONS, AND QUASI REORGANIZATIONS**

The following is the portion of unassigned funds (surplus) represented or reduced by each item below:

<u>Description</u>	<u>Current Year Increase (Decrease) in Surplus</u>
Unrealized gain or loss (net of deferred taxes)	\$ (730,819)
Deferred income tax	93,584
Nonadmitted assets	<u>(16,209)</u>
Total	<u>\$ (653,444)</u>

**NOTE 8 – CONTINGENCIES**

The Company is subject to Guaranty Fund Assessments by the States of Ohio, Pennsylvania, and West Virginia, in which it writes business. At this time, the Company is not aware of any assessments or proposed assessments from the states in which the Company writes business.

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

**NOTE 9 – CAPITAL REQUIREMENTS**

By regulation, the Company is required to compute risk-based capital based on a formula prescribed by the NAIC. This computation is used as a measure of a company's financial soundness and as a factor in determining the need for regulatory action. The computation of risk-based capital has been reported in the NAIC statement filing and indicates that the Company is in compliance with required capital levels.

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 10 – REINSURANCE ASSUMED AND CEDED**

The Company has no reinsurance contracts that cover losses that have occurred prior to the inception of the contract. The Company is a participant in a regional catastrophe pool. Under the agreement, the Company has agreed to assume a 2 percent share in the interests and liabilities of the pool. Municipal Mutual's limit of liability under the original contract is \$200,000 for any one original agreement, any one occurrence. Either party may terminate this agreement at December 31 of any year by giving 120 days written notice. Income of \$124,154 and \$158,832 was recognized for 2015 and 2014, respectively.

**NOTE 11 – CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by an aggregate of approximately \$618,000. None of the changes for any accident year was considered material to the financial statements.

**NOTE 12 – CONCENTRATION OF CREDIT RISK**

The Company maintains cash accounts with high quality financial institutions and, in the normal course of business, balances with these institutions do exceed federally insured limits. At December 31, 2015, the Company had deposits in financial institutions that exceeded federally insured limits by an aggregate of \$1,411,706.

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
 NOTES TO THE STATUTORY FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 13 - FAIR VALUE MEASUREMENT**

A. Inputs Used for Assets and Liabilities Measured at Fair Values

1. Fair Value Measurements by Levels 1, 2, and 3.

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three Levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category for items measured at fair value on a recurring basis is designed to include bonds and stocks which are not exchange traded. For the years ended December 31, 2015 and 2014, the Company had no assets or liabilities meeting the criteria for this classification.

Level 3 - Significant Unobservable Inputs - For the years ended December 31, 2015 and 2014, the Company had no assets or liabilities meeting the criteria for this classification.

Valued on a recurring basis as of December 31, 2015:

Assets at fair value	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	\$ 10,235,544	\$ -	\$ -	\$ 10,235,544

Liabilities at fair value – None

Valued on a recurring basis as of December 31, 2014:

Assets at fair value	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	\$ 11,135,718	\$ -	\$ -	\$ 11,135,718

Liabilities at fair value – None

**AUDITED FINANCIAL REPORTS**

**Municipal Mutual Insurance Company of West Virginia  
NOTES TO THE STATUTORY FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND DECEMBER 31, 2014**

**NOTE 14 - FAIR VALUE FOR ALL FINANCIAL INSTRUMENTS**

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into three-level fair value hierarchy as described above. This was not practicable for mortgage loans as described below:

	2015				
	Fair Value	Admitted Value	Level 1	Level 2	Level 3
Bonds	\$ 18,090,761	\$ 17,966,793	\$ -	\$ 18,090,761	\$ -
Stocks	10,235,544	10,235,544	10,235,544	-	-
Mortgage loans	237,161	237,161	-	-	237,161
Cash	2,192,859	2,192,859	2,192,859	-	-

	2014				
	Fair Value	Admitted Value	Level 1	Level 2	Level 3
Bonds	\$ 15,651,709	\$ 15,515,043	\$ -	\$ 15,651,709	\$ -
Stocks	11,135,718	11,135,718	11,135,718	-	-
Mortgage loans	243,428	243,428	-	-	243,428
Cash	2,705,838	2,705,838	2,705,838	-	-

It is not practical to determine the fair values of mortgage loans for purposes of the above disclosures due to the fact that these items are not traded and, therefore, quoted market prices are not available. Also, the cost of obtaining estimates of fair values from other sources is considered excessive given the immateriality of the mortgage loans.

**NOTE 15 - SUBSEQUENT EVENTS**

The Company assessed events occurring subsequent to December 31, 2015, through May 2, 2016, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to, or disclosure in, the financial statements which were available to be issued May 2, 2016.

**AUDITED FINANCIAL REPORTS**



**ZENO, POCKL, LILLY AND COPELAND, A.C.**  
Certified Public Accountants & Advisors

**Municipal Mutual Insurance Company of West Virginia**

**REPORT ON ACCOMPANYING INFORMATION**

Our audit was conducted for the purpose of forming an opinion on the basic statutory financial statements at December 31, 2015, taken as a whole. The supplementary information included in the Summary Investment Schedule, the Investment Risks Interrogatories, Schedules - Expenses and the Supplemental Schedule of Reinsurance Interrogatories is presented to comply with regulatory instructions and for additional analysis and is not a required part of the basic statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic statutory financial statements taken as a whole, on the basis of accounting described in Note 1.

*Zeno, Pockl, Lilly and Copeland, A.C.*

Wheeling, West Virginia  
May 2, 2016

- 21 -

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SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**AUDITED FINANCIAL REPORTS**

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total Amount (Col 3+4)	6 Percentage
<b>1. Bonds:</b>						
1.1 U.S. treasury securities .....	101,954	0.323	101,954		101,954	0.323
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies .....						
1.22 Issued by U.S. government sponsored agencies .....						
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities) .....						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations .....						
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....	6,637,141	21.011	6,637,141		6,637,141	21.011
1.43 Revenue and assessment obligations .....						
1.44 Industrial development and similar obligations .....						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA .....	771,959	2.444	771,959		771,959	2.444
1.512 Issued or guaranteed by FNMA and FHLMC .....	5,529,535	17.505	5,529,535		5,529,535	17.505
1.513 All other .....						
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....						
1.523 All other .....						
2. Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) .....	4,826,153	15.595	4,826,153		4,826,153	15.595
2.2 Unaffiliated non-U.S. securities (including Canada) .....						
2.3 Affiliated securities .....						
3. Equity interests:						
3.1 Investments in mutual funds .....	2,071,268	6.557	2,071,268		2,071,268	6.557
3.2 Preferred stocks:						
3.21 Affiliated .....						
3.22 Unaffiliated .....						
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated .....						
3.32 Unaffiliated .....	8,164,276	25.846	8,164,276		8,164,276	25.846
3.4 Other equity securities:						
3.41 Affiliated .....						
3.42 Unaffiliated .....						
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated .....						
3.52 Unaffiliated .....						
4. Mortgage loans:						
4.1 Construction and land development .....						
4.2 Agricultural .....						
4.3 Single family residential properties .....	237,161	0.751	237,161		237,161	0.751
4.4 Multifamily residential properties .....						
4.5 Commercial loans .....						
4.6 Mezzanine real estate loans .....						
5. Real estate investments:						
5.1 Property occupied by company .....	956,405	3.028	956,405		956,405	3.028
5.2 Property held for production of income (including \$ ..... of property acquired in satisfaction of debt) .....						
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....						
6. Contract loans .....						
7. Derivatives .....						
8. Receivables for securities .....						
9. Securities Lending (Line 10, Asset page reinvested collateral) .....				XXX	XXX	XXX
10. Cash, cash equivalents and short term investments .....	2,192,859	6.942	2,192,859		2,192,859	6.942
11. Other invested assets .....						
12. Total invested assets .....	31,568,762	100.000	31,568,762		31,568,762	100.000

SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**AUDITED FINANCIAL REPORTS**

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)

1.2 If yes, indicate premium earned on U.S. business only. \$ .....

1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ .....

1.31 Reason for excluding: .....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$ .....

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ .....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ .....

1.62 Total incurred claims \$ .....

1.63 Number of covered lives .....

All years prior to most current three years:

1.64 Total premium earned \$ .....

1.65 Total incurred claims \$ .....

1.66 Number of covered lives .....

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ .....

1.72 Total incurred claims \$ .....

1.73 Number of covered lives .....

All years prior to most current three years:

1.74 Total premium earned \$ .....

1.75 Total incurred claims \$ .....

1.76 Number of covered lives .....

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ .....	\$ .....
2.2 Premium Denominator	\$ .....	\$ .....
2.3 Premium Ratio (Line 2.1/Line 2.2)	\$ .....	\$ .....
2.4 Reserve Numerator	\$ .....	\$ .....
2.5 Reserve Denominator	\$ .....	\$ .....
2.6 Reserve Ratio (Line 2.4/Line 2.5)	\$ .....	\$ .....

3.1 Does the reporting entity issue both participating and non-participating policies? Yes ( ) No (X)

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies \$ .....

3.22 Non-participating policies \$ .....

4. For Mutual reporting entities and Reciprocal Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes ( ) No (X)

4.2 Does the reporting entity issue non-assessable policies? Yes (X) No ( )

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ .....

5. For Reciprocal Exchanges only:

5.1 Does the exchange appoint local agents? Yes ( ) No ( )

5.2 If yes, is the commission paid:

5.21 Out of Attorney-in-fact compensation Yes ( ) No ( ) N/A (X)

5.22 As a direct expense of the exchange Yes ( ) No ( ) N/A (X)

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? .....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes ( ) No ( )

5.5 If yes, give full information. ....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?  
Company does not write workers compensation coverage .....

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations or concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.  
Air CAT Trader CAT Model-Wind; CAT Exposure Tornado, Wind, Hill  
Concentration/Northern Panhandle WV, Kanawha/Greentree Co WV .....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  
Largest net risk 100,000;  
CAT : retention 800,000 - single layer 800,000 excess 5,200,000 .....

**AUDITED FINANCIAL REPORTS**



SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES**

**For The Year Ended December 31, 2015**

**To Be Filed by April 1**

Of The MUNICIPAL MUT INS CO  
 Address (City, State, Zip Code): Weisburg, WV 26070  
 NAIC Group Code: 6000 NAIC Company Code: 14656 Employer's ID Number: 55-0240280

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ ..... 34,275,085

2. Ten largest exposures to a single issuer/borrower/investment.

1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01 Westmark Mutual Funds	Mutual Funds	\$ ..... 1,650,583	..... 4.816 %
2.02 GE Capital Bonds	Corporate Bonds	\$ ..... 516,881	..... 1.514 %
2.03 WV Water Development Bonds	US Political Subdivision of States	\$ ..... 504,148	..... 1.471 %
2.04 AT & T Bonds	Corporate Bonds	\$ ..... 484,425	..... 1.414 %
2.05 Wells Fargo	Common Stock	\$ ..... 454,000	..... 1.329 %
2.06 John Deere Capital Bonds	Corporate Bonds	\$ ..... 415,958	..... 1.208 %
2.07 American Electric Power	Common Stock	\$ ..... 407,030	..... 1.190 %
2.08 Apple Computer	Common Stock	\$ ..... 398,410	..... 1.175 %
2.09 Texas Instruments	Common Stock	\$ ..... 356,265	..... 1.039 %
2.10 General Electric	Common Stock	\$ ..... 311,550	..... 0.909 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

Bonds		Preferred Stocks	
1	2	3	4
3.01 NAIC 1 \$ ..... 16,722,869	..... 49.791 %	3.07 PRRP-1 \$ .....	..... %
3.02 NAIC 2 \$ ..... 1,243,724	..... 3.629 %	3.08 PRRP-2 \$ .....	..... %
3.03 NAIC 3 \$ .....	..... %	3.09 PRRP-3 \$ .....	..... %
3.04 NAIC 4 \$ .....	..... %	3.10 PRRP-4 \$ .....	..... %
3.05 NAIC 5 \$ .....	..... %	3.11 PRRP-5 \$ .....	..... %
3.06 NAIC 6 \$ .....	..... %	3.12 PRRP-6 \$ .....	..... %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes ( ) No (X)  
 If response, to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02 Total admitted assets held in foreign investments. \$ ..... %  
 4.03 Foreign-currency-denominated investments. \$ ..... %  
 4.04 Insurance liabilities denominated in that same foreign currency. \$ ..... %

**AUDITED FINANCIAL REPORTS**

SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:				
	1	2		
5.01 Countries designated NAIC-1	\$ .....	.....%		
5.02 Countries designated NAIC-2	\$ .....	.....%		
5.03 Countries designated NAIC-3 or below	\$ .....	.....%		
6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:				
	1	2		
Countries designated NAIC-1:				
6.01 Country 1: .....	\$ .....	.....%		
6.02 Country 2: .....	\$ .....	.....%		
Countries designated NAIC-2:				
6.03 Country 1: .....	\$ .....	.....%		
6.04 Country 2: .....	\$ .....	.....%		
Countries designated NAIC-3 or below:				
6.05 Country 1: .....	\$ .....	.....%		
6.06 Country 2: .....	\$ .....	.....%		
7. Aggregate unhedged foreign currency exposure:				
	1	2		
	\$ .....	.....%		
8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:				
	1	2		
8.01 Countries designated NAIC-1	\$ .....	.....%		
8.02 Countries designated NAIC-2	\$ .....	.....%		
8.03 Countries designated NAIC-3 or below	\$ .....	.....%		
9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:				
	1	2		
Countries designated NAIC-1:				
9.01 Country 1: .....	\$ .....	.....%		
9.02 Country 2: .....	\$ .....	.....%		
Countries designated NAIC-2:				
9.03 Country 1: .....	\$ .....	.....%		
9.04 Country 2: .....	\$ .....	.....%		
Countries designated NAIC-3 or below:				
9.05 Country 1: .....	\$ .....	.....%		
9.06 Country 2: .....	\$ .....	.....%		
10. 10 largest non-sovereign (i.e. non-governmental) foreign issuers:				
	1	2	3	4
	Issuer	NAIC Designation	-	-
10.01 .....			\$ .....	.....%
10.02 .....			\$ .....	.....%
10.03 .....			\$ .....	.....%
10.04 .....			\$ .....	.....%
10.05 .....			\$ .....	.....%
10.06 .....			\$ .....	.....%
10.07 .....			\$ .....	.....%
10.08 .....			\$ .....	.....%
10.09 .....			\$ .....	.....%
10.10 .....			\$ .....	.....%

SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO  
**AUDITED FINANCIAL REPORTS**

SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?		Yes (X) No ( )
If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.		
11.02 Total admitted assets held in Canadian Investments	\$ .....	.....%
11.03 Canadian-currency-denominated investments	\$ .....	.....%
11.04 Canadian-foreign-sourced insurance liabilities	\$ .....	.....%
11.05 Unhedged Canadian currency exposure	\$ .....	.....%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?		Yes (X) No ( )
If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.		
1	2	3
12.02 Aggregate statement value of investments with contractual sales restrictions	\$ .....	.....%
Largest 3 investments with contractual sales restrictions:		
12.03 .....	\$ .....	.....%
12.04 .....	\$ .....	.....%
12.05 .....	\$ .....	.....%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets?		Yes ( ) No (X)
If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.		
1	2	3
Name of Issuer		
13.02 Wesmark Mutual Funds	\$ ..... 1,650,583	..... 4.761 %
13.03 Wesco-argo	\$ ..... 434,880	..... 1.254 %
13.04 American Electric Power	\$ ..... 407,690	..... 1.177 %
13.05 Apple Computer	\$ ..... 369,410	..... 1.063 %
13.06 Texas Instruments	\$ ..... 356,265	..... 1.028 %
13.07 General Electric	\$ ..... 311,500	..... 0.899 %
13.08 Honeywell International	\$ ..... 310,710	..... 0.896 %
13.09 PepsiCo	\$ ..... 299,760	..... 0.865 %
13.10 Microsoft	\$ ..... 277,400	..... 0.800 %
13.11 Dominion Resources	\$ ..... 277,324	..... 0.800 %

SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO  
**AUDITED FINANCIAL REPORTS**

SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )  
 If response to 14.01 is yes, responses are not required for the remainder of Interrogatory 14.

1	2	3
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities	\$ .....	.....%
Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03 .....	\$ .....	.....%
14.04 .....	\$ .....	.....%
14.05 .....	\$ .....	.....%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )  
 If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

1	2	3
15.02 Aggregate statement value of investments in general partnership interests.	\$ .....	.....%
Largest 3 investments held in general partnership interests:		
15.03 .....	\$ .....	.....%
15.04 .....	\$ .....	.....%
15.05 .....	\$ .....	.....%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )  
 If response to 16.01 is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

1 Type (Residential, Commercial, Agricultural)	2	3
16.02 .....	\$ .....	.....%
16.03 .....	\$ .....	.....%
16.04 .....	\$ .....	.....%
16.05 .....	\$ .....	.....%
16.06 .....	\$ .....	.....%
16.07 .....	\$ .....	.....%
16.08 .....	\$ .....	.....%
16.09 .....	\$ .....	.....%
16.10 .....	\$ .....	.....%
16.11 .....	\$ .....	.....%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	Loans	
	1	2
16.12 Construction loans	\$ .....	.....%
16.13 Mortgage loans over 90 days past due	\$ .....	.....%
16.14 Mortgage loans in the process of foreclosure	\$ .....	.....%
16.15 Mortgage loans foreclosed	\$ .....	.....%
16.16 Restructured mortgage loans	\$ .....	.....%

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SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	\$ .....	% .....	\$ .....	% .....	\$ .....	% .....
17.02 91% to 95%	\$ .....	% .....	\$ .....	% .....	\$ .....	% .....
17.03 81% to 90%	\$ .....	% .....	\$ .....	% .....	\$ .....	% .....
17.04 71% to 80%	\$ 237,161	0.894 %	\$ .....	% .....	\$ .....	% .....
17.05 below 70%	\$ .....	% .....	\$ .....	% .....	\$ .....	% .....

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments real estate:

18.01 Are assets held in real estate reported in less than 2.5% of the reporting entity's total admitted assets? Yes ( ) No (X)

If response to 18.01 is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

Description	1	2	3
18.02 Municipal Office Building		\$ ..... 856,405	..... 2.759 %
18.03 .....		\$ .....	..... %
18.04 .....		\$ .....	..... %
18.05 .....		\$ .....	..... %
18.06 .....		\$ .....	..... %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ( )

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans:		\$ .....	..... %
Largest three investments held in mezzanine real estate loans:			
19.03 .....		\$ .....	..... %
19.04 .....		\$ .....	..... %
19.05 .....		\$ .....	..... %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end		At End of Each Quarter		
	1	2	1st Qtr 1	2nd Qtr 1	3rd Qtr 1
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$ .....	% .....	\$ .....	\$ .....	\$ .....
20.02 Repurchase agreements	\$ .....	% .....	\$ .....	\$ .....	\$ .....
20.03 Reverse repurchase agreements	\$ .....	% .....	\$ .....	\$ .....	\$ .....
20.04 Dollar repurchase agreements	\$ .....	% .....	\$ .....	\$ .....	\$ .....
20.05 Dollar reverse repurchase agreements	\$ .....	% .....	\$ .....	\$ .....	\$ .....

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SUPPLEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)**

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	<u>Orimed</u>		<u>Written</u>	
	1	2	3	4
		%		%
21.01 Hedging	\$ .....	% \$ .....	\$ .....	% .....
21.02 Income generation	\$ .....	% \$ .....	\$ .....	% .....
21.03 Other	\$ .....	% \$ .....	\$ .....	% .....

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-end</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr	2nd Qtr	3rd Qtr
		%			
22.01 Hedging	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....
22.02 Income generation	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....
22.03 Replications	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....
22.04 Other	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-end</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr	2nd Qtr	3rd Qtr
		%			
23.01 Hedging	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....
23.02 Income generation	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....
23.03 Replications	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....
23.04 Other	\$ .....	% \$ .....	\$ .....	\$ .....	\$ .....

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ANNUAL STATEMENT FOR THE YEAR 2015 OF THE MUNICIPAL MUT INS CO

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes (X) No ( )
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
 .....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes ( ) No (X)
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes ( ) No (X)
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes ( ) No (X)
- 8.2 If yes, give full information.  
 .....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
 (a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;  
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
 (c) Aggregate stop loss reinsurance coverage;  
 (d) A unilateral right by either party (or both parties) to cumulate the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes ( ) No (X)
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of the prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessations to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:  
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes ( ) No (X)
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
 (a) Accounted for that contract as reinsurance (either prospective or retrospective) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes ( ) No (X)
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
 (a) The entity does not utilize reinsurance; or  
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or  
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes ( ) No (X)  
 Yes ( ) No (X)  
 Yes ( ) No (X)
10. If the reporting entity has assumed risks from another entity, these should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes ( ) No ( ) N/A (X)
11. Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes ( ) No (X)
- 11.2 If yes, give full information.  
 .....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:  
     12.11 Unpaid losses \$.....  
     12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes ( ) No ( ) N/A (X)

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**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From ..... %  
 12.42 To ..... %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes ( ) No (X)

12.6 If yes, state the amount thereof at December 31 of the current year:

12.61 Letters of credit \$ .....  
 12.62 Collateral and other funds \$ .....

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ .....

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes ( ) No (X)

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount: .....

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes ( ) No (X)

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
 .....

14.3 If the answer to 14.1 is yes, are the methods described in Item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes ( ) No (X)

14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes ( ) No (X)

14.5 If the answer to 14.4 is no, please explain:  
 .....

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes ( ) No (X)

15.2 If yes, give full information:  
 .....

16.1 Does the reporting entity write any warranty business? Yes ( ) No (X)

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.12 Products	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.13 Automobile	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.14 Other*	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

\* Disclose type of coverage:  
 .....

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes ( ) No (X)

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ .....
17.12 Unfunded portion of Interrogatory 17.11	\$ .....
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ .....
17.14 Case reserves portion of Interrogatory 17.11	\$ .....
17.15 Incurred but not reported portion of Interrogatory 17.11	\$ .....
17.16 Unearned premium portion of Interrogatory 17.11	\$ .....
17.17 Contingent commission portion of Interrogatory 17.11	\$ .....

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ .....
17.19 Unfunded portion of Interrogatory 17.18	\$ .....
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ .....
17.21 Case reserves portion of Interrogatory 17.18	\$ .....
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ .....
17.23 Unearned premium portion of Interrogatory 17.18	\$ .....
17.24 Contingent commission portion of Interrogatory 17.18	\$ .....

18.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ .....

18.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)

18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ .....

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**Municipal Mutual Insurance Company of West Virginia  
SCHEDULES - EXPENSES**

	2015		
	Loss Adjustment	Underwriting	Investment
Loss adjustment expense	\$ 163,141	\$ -	\$ -
Commissions:			
Direct	-	1,981,245	-
Contingent	-	189,969	-
Advertising	-	28,655	-
Boards, bureaus, and associations	-	141,890	-
Survey and underwriting	-	90,756	-
Audit of assured's records	-	40,750	-
Salaries	291,166	651,966	13,246
Payroll taxes	24,059	53,871	1,094
Insurance and surety bond	14,583	77,776	4,861
Directors' fees	-	192,060	48,015
Travel and travel items	19,587	30,632	-
Rent and rent items	-	98	48,000
Printing and stationery	-	-	-
Postage and telephone	11,018	60,231	2,204
Legal and auditing	-	22,370	-
Employee relations and welfare	14,481	32,426	659
Taxes, licenses, and fees:			
State licenses	-	-	-
Insurance department licenses and fees	-	132,465	-
Gross guaranty association assessments	-	-	-
Real estate expense	-	-	28,375
Real estate taxes	-	-	22,439
Office expense	48,267	181,002	12,067
Depreciation on equipment	11,753	18,106	-
Depreciation on building	-	-	28,861
Investment service fee	-	-	28,076
Total expenses incurred	<u>598,055</u>	<u>3,926,268</u>	<u>237,897</u>
Add (subtract) unpaid expenses:			
Current year	(342,000)	(626,105)	-
Prior year	<u>342,000</u>	<u>758,940</u>	<u>-</u>
Total expenses paid	<u>\$ 598,055</u>	<u>\$ 4,059,103</u>	<u>\$ 237,897</u>

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Loss Adjustment	2014		Totals Year Ended December 31,	
	Underwriting	Investment	2015	2014
\$ 238,414	\$ -	\$ -	\$ 163,141	\$ 238,414
-	1,881,320	-	1,981,245	1,881,320
-	220,800	-	189,969	220,800
-	25,939	-	28,655	25,939
-	127,392	-	141,890	127,392
-	89,520	-	90,756	89,520
-	40,300	-	40,750	40,300
188,338	661,628	14,777	956,378	864,743
14,351	54,270	1,126	79,024	69,747
17,855	95,227	5,952	97,220	119,034
-	192,320	48,080	240,075	240,400
17,927	31,445	-	50,219	49,372
-	1,953	36,000	48,098	37,953
-	-	-	-	-
10,615	58,028	2,123	73,453	70,766
-	-	-	22,370	-
8,340	31,540	654	47,566	40,534
-	416	-	-	416
-	115,801	-	132,465	115,801
-	-	-	-	-
-	-	30,210	28,375	30,210
-	-	11,114	22,439	11,114
60,303	226,137	15,076	241,336	301,516
12,094	9,053	-	29,859	21,147
-	-	12,025	28,861	12,025
-	-	26,110	28,076	26,110
<u>568,237</u>	<u>3,863,089</u>	<u>203,247</u>	<u>4,762,220</u>	<u>4,634,573</u>
(342,000)	(758,940)	-	(968,105)	(1,100,940)
<u>342,000</u>	<u>587,377</u>	<u>-</u>	<u>1,100,940</u>	<u>929,377</u>
<u>\$ 568,237</u>	<u>\$ 3,691,526</u>	<u>\$ 203,247</u>	<u>\$ 4,895,055</u>	<u>\$ 4,463,010</u>