



Providing Insurance in Columbia, Dane, Dodge,
Fond du Lac, Green Lake, Jefferson, Ozaukee,
Walworth, Washington, and Waukesha Counties.

CONTACT YOUR LOCAL AGENT

AIC, LLC		
Jim and Debra Stein	Sussex	262/246-6868
Security Insurance Agency	Pewaukee	262/695-0924
Melvin E. Nass	Watertown	920/261-0904
Charles Nehls	Hustisford	920/349-3517
Silbernagel Jasen Insurance Services, LLC		
Gretchen Hefner-Evans	Kewaskum	262/628-8892
Alliance Insurance and Financial		
Irene Wolgaert	Oshkosh	920/213-2338
David C. Wendt	Lake Mills	920/648-8016
Ken Zindars	Watertown	920/261-3334
LCMI Agency	Lebanon	877/791-2380
ISC Inc.	Watertown	920/261-5403



Independent Accountant's Report

To the Board of Directors
Lebanon Clyman Mutual Insurance Company
Lebanon, Wisconsin

We have compiled the accompanying statutory balance sheets of Lebanon Clyman Mutual Insurance Company (the Company) as of December 31, 2008 and 2007, and the related statutory statements of income and changes in surplus and schedules of expenses incurred for the years then ended, and supplementary information in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements are prepared on the basis of accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A compilation is limited to presenting information that is the representation of management in the form of financial statements and supplementary information. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit the statements of cash flow and substantially all disclosures required by statutory accounting practices. If the statement of cash flow and omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flow. Accordingly, these financial statements are not designed for those who are not informed about such matters.

In addition to the accompanying financial statements and supplementary information, there will be other statutory financial statements for the same period which we will audit in accordance with U.S. generally accepted auditing standards. The audited statutory statements will contain the statements of cash flow and disclosures required by statutory accounting practices. Accordingly, such statutory financial statements might influence a user's conclusions about the Company's financial position, results of operations, and cash flow. Furthermore, if the Company prepared financial statements in accordance with U.S. generally accepted accounting principles, the users might reach different conclusions about the Company's financial position, results of operations, and cash flow.

Strohm Ballweg, LLP

Madison, Wisconsin
January 12, 2009

2008

**Lebanon Clyman
Mutual Insurance
Company**

**Annual Report
to the Policyholders**
(Unaudited)

121st Year

Annual Meeting
February 14, 2009

Time: 1:30 p.m. at Lebanon Fire Station

OFFICERS AND DIRECTORS

- Curtis C. Becker – President (deceased)
- Ellward Kuehl – Vice President
- **Sam Stangler – Treasurer
- Dorothy Kuehl – Secretary
- Gene Gerth – Director
- **David Manning – Director
- Ruth Lehmann – Director
- **Daryl Pernet – Director
- **term expiring

Lebanon Clyman Mutual Insurance Company
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Lebanon, WI 53047
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STATUTORY BALANCE SHEETS
See Accountant's Report
December 31,

	2008	2007
ADMITTED ASSETS		
Cash and investments:		
Cash in checking	\$ 7,723	\$ 6,368
Invested cash	548,630	500,824
Bonds	233,665	295,710
Common stocks	381,084	318,816
Preferred stocks	238,000	238,000
Mutual funds	21,708	50,648
Real estate occupied by Company	38,312	39,267
Cash and investments	1,469,122	1,449,633
Accrued investment income	7,402	5,163
Premiums receivable	2,411	5,590
Reinsurance recoverable on paid losses	7,540	227
Reinsurance premium receivable	12,748	18,785
Reinsurance contingent commissions receivable	7,474	6,328
Fire dues recoverable	92	-
Computer equipment, net	9,318	2,302
Federal income tax receivable	689	-
Total admitted assets	<u>\$ 1,516,796</u>	<u>\$ 1,488,028</u>
LIABILITIES AND SURPLUS		
Liabilities:		
Net unearned premiums	\$ 219,676	\$ 235,317
Net unpaid losses	32,508	29,478
Net unpaid loss adjustment expenses	3,500	3,200
Commissions payable	3,878	4,589
Premium received in advance	20,220	13,703
Federal income taxes payable	-	241
Fire dues payable	-	72
Other liabilities	7,511	6,538
Total liabilities	<u>287,293</u>	<u>293,138</u>
Surplus	<u>1,229,503</u>	<u>1,194,890</u>
Total liabilities and surplus	<u>\$ 1,516,796</u>	<u>\$ 1,488,028</u>

STATUTORY STATEMENTS
OF INCOME AND CHANGES IN SURPLUS
See Accountant's Report
Years Ended December 31,

	2008	2007
UNDERWRITING OPERATIONS		
Net premiums earned:		
Direct premiums earned	\$ 699,148	\$ 712,870
Reinsurance ceded	(290,269)	(263,687)
Net losses incurred:	<u>408,879</u>	<u>449,183</u>
Direct losses paid (net of subrogation)	164,113	426,798
Change in liability for unpaids	(86,679)	(105,891)
Reinsurance recoveries	55,108	(159,960)
Operating expenses incurred:	<u>132,542</u>	<u>160,947</u>
Loss adjustment expenses	37,180	42,237
Underwriting expenses	226,439	214,078
Underwriting gain	<u>12,718</u>	<u>31,921</u>
INVESTMENT AND OTHER INCOME		
Investment income earned	40,580	52,863
Investment expenses	(33,425)	(29,303)
Net realized capital gains (losses)	(496)	116
Other income	6,135	6,535
Investment and other income	<u>12,794</u>	<u>30,211</u>
Net income before federal income taxes	25,512	62,132
Federal income tax expense	5,633	6,256
Net income	19,879	55,876
Change in net unrealized capital gain/loss	14,472	30,223
Change in nonadmitted assets	262	324
Net change in surplus	<u>34,613</u>	<u>86,423</u>
Surplus, beginning of year	<u>1,194,890</u>	<u>1,108,467</u>
Surplus, end of year	<u>\$ 1,229,503</u>	<u>\$ 1,194,890</u>

STATUTORY SCHEDULES OF EXPENSES INCURRED
See Accountant's Report
Years Ended December 31,

	2008	2007
Loss adjusting expenses	\$ 14,462	\$ 20,843
Commissions to agents	98,053	97,778
Reinsurance commission income	(18,741)	(13,155)
Directors' fees and expenses	13,725	14,830
Personnel expenses	80,208	69,347
Real estate expenses	6,106	5,667
Office expenses	27,551	20,033
Other expenses	75,680	70,275
Total expenses incurred	<u>\$ 297,044</u>	<u>\$ 285,618</u>
Loss adjustment expense	\$ 37,180	\$ 42,237
Underwriting expense	226,439	214,078
Investment expense	33,425	29,303
Total expenses incurred	<u>\$ 297,044</u>	<u>\$ 285,618</u>

INVESTMENT PORTFOLIO MIX



COST PER DOLLAR OF NET PREMIUM EARNED

