STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of The Bar Plan Mutual Insurance Company for the period ended December 31, 2012.

ORDER

After full consideration and review of the report of the financial examination of The Bar Plan Mutual Insurance Company for the period ended December 31, 2012, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of The Bar Plan Mutual Insurance Company as of December 31, 2012 be and is hereby ADOPTED as filed and for The Bar Plan Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 28th day of April, 2014.

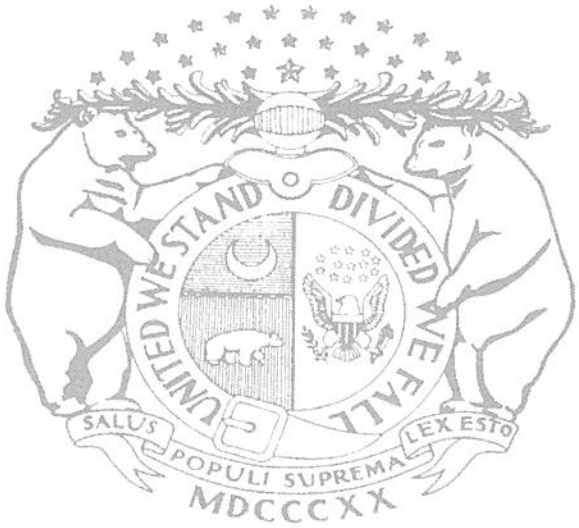
John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

FINANCIAL EXAMINATION

The Bar Plan Mutual Insurance Company

AS OF:

DECEMBER 31, 2012



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS

AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

Table of Contents

SCOPE OF EXAMINATION 1
Period Covered 1
Procedures 1
SUMMARY OF SIGNIFICANT FINDINGS 2
SUBSEQUENT EVENTS 2
COMPANY HISTORY 2
General 2
Policyholders' Surplus 2
Dividends 2
Policyholder Contributions 2
Acquisitions, Mergers and Major Corporate Events 3
Surplus Debentures 3
CORPORATE RECORDS 3
MANAGEMENT AND CONTROL 4
Board of Directors 4
Officers 4
Committees 5
Organizational Chart 5
Affiliated Transactions 6
FIDELITY BONDS AND OTHER INSURANCE 7
PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS 7
TERRITORY AND PLAN OF OPERATION 7
GROWTH OF COMPANY 7
LOSS EXPERIENCE 8
General 8
Assumed 8
Ceded 8
ACCOUNTS AND RECORDS 9
Independent Auditor 9
Actuarial Opinion 9
Information Systems 10
Consulting Actuary 10

STATUTORY DEPOSITS 10
Deposits with the State of Missouri 10
Deposits with Other States 10
FINANCIAL STATEMENTS 11
ASSETS 12
LIABILITIES, SURPLUS AND OTHER FUNDS 13
STATEMENT OF OPERATIONS 14
SURPLUS RECONCILIATION 14
COMMENTS ON FINANCIAL STATEMENTS 15
GENERAL COMMENTS OR RECOMMENDATIONS 15
ACKNOWLEDGEMENT 16
VERIFICATION 16
SUPERVISION 16

March 13, 2014
Saint Louis, Missouri

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial Institutions
And Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101

Director Huff:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

The Bar Plan Mutual Insurance Company

also referred to as the "Company." The examination was conducted at the Company's main office at 1717 Hidden Creek Court, Saint Louis, MO 63131, telephone number (314) 965-3333. This examination began on September 23, 2013, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We performed a multi-state examination of The Bar Plan Mutual Insurance Company. The prior exam was completed as of December 31, 2008. This examination covers the period of January 1, 2009, through December 31, 2012. This examination also includes material transactions occurring subsequent to December 31, 2012.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook) except where practices, procedures and applicable regulations of the Department of Insurance, Financial Institutions and Professional Registration (Department) or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and Annual Statement Instructions, when applicable to domestic state regulations.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. The following key activities were identified: Investments; Losses; Premiums and Underwriting; Reinsurance; Affiliated Parties; Expenses; and, Taxes.

We also relied upon information and workpapers provided by the Company's independent auditor, Brown Smith Wallace LLC, including fraud risk analysis, narratives and internal control testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or errors in the financial statements noted during the course of this examination.

SUBSEQUENT EVENTS

There were no events occurring subsequent to December 31, 2012, through the end of field work, that materially impacted the financial statements.

COMPANY HISTORY

General

The Bar Plan incorporated on November 21, 1985, as a non-profit association under RSMo Chapter 383 (Malpractice Insurance) to provide legal professional liability insurance to attorneys operating in Missouri. On January 7, 1986, The Bar Plan received a certificate of authority and commenced business.

On January 1, 1991, The Bar Plan converted to a non-assessable mutual insurance company operating under RSMo Chapter 379 (Insurance Other Than Life). The Bar Plan changed its name to The Bar Plan Mutual Insurance Company at that time.

Policyholders' Surplus

The Company is required by Section 379.010 RSMo (Number of incorporators required--classes of insurance--capital and surplus requirements, phase-in.) to maintain a minimum surplus of $2.4 million. At year-end 2012, the Company reported surplus as regards policyholders of $15.6 million.

Dividends

The Company has not paid dividends to policyholders over the current examination period.

Policyholder Contributions

When the Company was formed, it was funded through a capitalization assessment of $400 per insured attorney. This assessment was increased to $600 per insured attorney on January 1, 1988 and was decreased to $500 per insured attorney on January 1, 1993. Policyholder contributions were eliminated effective January 1, 1995.

In 1995 the Company began returning policyholder contributions: members with a minimum of five years' continuous membership were rebated $100 per year. The Company continues to refund policyholder contributions each year to those who qualify. In 2009, $2,203,200 was reclassified from policyholder contributions to unassigned funds based on the Company's determination that the members who had contributed the funds would not qualify for reimbursement. The reclassification was submitted to and approved by the Department.

The chart below details the policyholder contributions returned over the current exam period:

Year		Amount
2009	$	32,800
2010		27,300
2011		20,400
2012		14,400
Total	$	94,900

Acquisitions, Mergers and Major Corporate Events
There were no mergers, acquisitions or other major corporate events during the current examination period.

Surplus Debentures
On September 21, 2006, the Company issued a $5 million surplus note with an initial interest rate of 9.1% and a maturity date of September 15, 2036. On September 15, 2011, the initial interest rate converted to a floating rate, equal to the three-month LIBOR rate plus 3.87%. The note is administered by Wilmington Trust Company, a non-affiliate, as trustee. The chart below details the surplus note activity over the current examination period. All payments were approved by the Department.

	2009	2010	2011	2012
Surplus note, beginning of year	$ 5,020,222	$ 5,020,222	$ 5,020,222	$ 5,011,139
Surplus note interest	455,000	455,000	385,467	219,923
Surplus note payments	(455,000)	(455,000)	(394,550)	(221,778)
Surplus note, end of year	$ 5,020,222	$ 5,020,222	$ 5,011,139	$ 5,009,284

CORPORATE RECORDS

The Articles of Incorporation and the Bylaws were reviewed. There were no amendments to the Articles of Incorporation during the examination period. The Bylaws were amended on May 6, 2011, to allow non-attorneys to serve on the board of directors, limited to one-third of the directorships, and to increase the time allowed between the annual membership meeting and the annual board of directors meeting from thirty days to ninety days. The Department approved these changes on June 15, 2011.

The minutes of the meetings of the policyholders and of the board of directors were reviewed for the period under examination. The minutes appeared to properly document and approve corporate events and transactions.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a board of nine (9) directors. The directors serving at December 31, 2012, were as follows:

Director	Affiliation
Jerome Brant Liberty, MO	Attorney Withers, Brant, Igoe & Mullenix, PC
Michael Delaney Jefferson City, MO	President and Chief Executive Officer Healthcare Services Group
John Gunn St. Louis, MO	Attorney The Gunn Law Firm, PC
Ann Hagan Mexico, MO	Attorney Hagan & Maxwell LLC
Kent Hyde Springfield, MO	Attorney Hyde, Love & Overby LLP
Walter Lamkin St. Louis, MO	Attorney Lamkin Legal Services, LLC
Karen McCarthy St. Louis, MO	President and Chief Executive Officer Bar Plan Mutual Insurance Company
David Monday St. Louis, MO	Retired PricewaterhouseCoopers LLP
Richard Steele Cape Girardeau, MO	Attorney Bradshaw, Steele, Cochrane & Beren

Officers

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2012, were as follows:

Name	Office
Karen McCarthy	President and Chief Executive Officer
Ann Hagan	Secretary
Kent Hyde	Treasurer
Gregory Klaus	Chief Financial Officer
Kimberly Edgar	Vice President, Surety Underwriting
Teresa Niederwimmer	Vice President, Claims
Patrick O'Leary	Vice President and General Counsel
Cynthia Pulvirenti	Vice President, Corporate Operations
Gayle Tegtmeier	Vice President, Underwriting

Committees
At year-end 2012, the board of directors reported the following committees:

Executive
Jerome Brant, Chair
Richard Steele
Ann Hagan
Kent Hyde

Audit
Ann Hagan, Chair
David Monday
Michael Delaney
Walter Lamkin

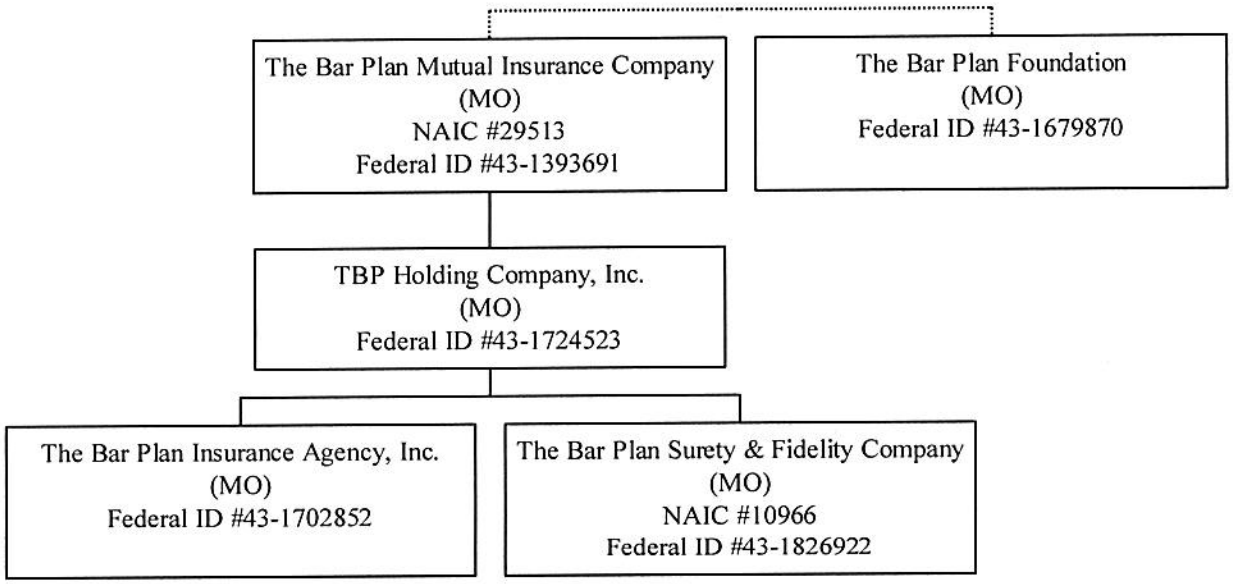
Finance
Kent Hyde, Chair
David Monday
John Gunn
Jerome Brant

Operations
Keny Hyde, Chair
Karen McCarthy
John Gunn
Richard Steele

Claims
Ann Hagan, Chair
Richard Steele
Kent Hyde

Long Range Planning
Jerome Brant, Chair
Walter Lamkin
Karen McCarthy
Michael Delaney

Organizational Chart
The Company is a member of an insurance holding company system as defined in Section 382.010 RSMo (Definitions): the Company is the ultimate controlling entity (UCE) in the system. The following is the organizational chart which depicts the holding company system at December 31, 2012. The dotted line indicates a non-subsidiary affiliate.



Affiliated Transactions

At year-end 2012, the Company was party to the following intercompany agreements:

Administrative and Management Services Agreement

Parties: The Bar Plan Mutual Insurance Company and The Bar Plan Surety and Fidelity Company (Surety)

Effective: January 1, 1999, last amended effective January 1, 2009

Terms: The Company provides Surety with the personnel and other resources necessary for conducting Surety's business including, but not limited to, underwriting, record keeping, claims handling, billing, accounting, electronic data processing, legal, and other general administrative functions. Surety furnishes the Company with management oversight, association memberships, and other general administrative functions related to the surety business produced.

Rate(s): In exchange for the services provided, Surety pays the Company $16,500 per month, an amount representing the approximate cost of employees and other overhead costs pertaining to the operation of its business. The Company pays Surety for production-related expenses based on the Company's proportional share of surety premiums. The Company and Surety settle amounts due under this agreement by the fifteenth day of the following month.

Tax Allocation Agreement

Parties: The Bar Plan Mutual Insurance Company; The Bar Plan Surety and Fidelity Company; and, all other affiliated members of The Bar Plan Holding Company subject to taxation.

Effective: November 9, 1998, last amended November 11, 2008

Terms: All parties within The Bar Plan Holding Company subject to taxation agree to file a consolidated tax return. Any professional fees or other expenses borne by the Company in connection with the preparation of the tax return are allocated among the parties in an equitable manner. The original term of the agreement was for seven years with all terms and conditions to be renegotiated every three years.

Rate(s): Each party pays the taxes incurred or receives the credits gained as if the entity had filed separately from the group on a non-consolidated basis.

Agency Agreement

Parties: The Bar Plan Mutual Insurance Company and The Bar Plan Insurance Agency, Inc. (Agency)

Effective: August 18, 2008

Terms: Agency provides marketing services to the Company for the production of insurance premiums; the Company provides Agency with management and administrative services related to the solicitation of insurance business. Settlement of monies owed between the parties occurs within forty-five days from the end of the month in which the charges accrue.

Rate(s): The Company pays Agency a four percent (4%) commission on the business produced, less return premiums. Agency compensates the Company for the services provided by reducing the commission by one and one-half percent (1.5%), for a net commission of two and one-half percent (2.5%).

FIDELITY BONDS AND OTHER INSURANCE

The Company is a named insured on a financial institution bond with coverage to $500,000 per occurrence and $500,000 in aggregate. This bond has a $25,000 deductible. This coverage meets the minimum amount recommended by the NAIC.

The Company is also a named insured on policies for the following types of coverage: directors and officers liability; professional liability; employment practices liability; commercial property; general liability; commercial automobile; fiduciary liability; commercial umbrella; cyber security; and, workers' compensation. The Company's coverage appears to be adequate.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company offers the following employee benefits: paid vacation, paid sick leave and paid personal time off; group life, health, dental and disability insurance coverage; a 401(k) retirement savings program; tuition assistance; and, an employee assistance program (counseling). The year-end financial statements appear to include adequate provision for the Company's employee benefits liability.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in Missouri under Chapter 379 RSMo (Insurance Other Than Life) to write liability and surety insurance. The Company is licensed in 48 states and the District of Columbia, and writes Lawyers Professional Liability (LPL) insurance on a claims-made basis to sole practitioners or small law firms in the states of Missouri, Kansas, Indiana, New Mexico and Tennessee. The Bar Plan Mutual is the largest LPL coverage writer in the state of Missouri. The Company also writes an insignificant amount of surety bond business. The Company has no immediate plans to offer any new insurance products.

The Company produces business through direct marketing and through independent agents. All LPL business in Indiana is produced by the Indiana Bar Association's endorsed agent and all LPL business written in New Mexico is produced by a single agency as well. In February, 2013, The Tennessee Bar Association hired an agent to directly market LPL business in Tennessee.

GROWTH OF COMPANY

The financial crisis in 2008 triggered a decline in the Lawyers Professional Liability insurance industry. Between 2008 and 2011, the Company's direct written premiums decreased 31%. In response to those market conditions, the Company instituted a 9% base rate increase on the LPL business written in Missouri, Indiana and Kansas in 2012, and a 10% overall increase in all of the states to take effect in 2013.

In 2012, the cumulative effect of the premium decline in 2008-2011 combined with a significant increase in incurred losses and loss adjustment expenses to produce a significant decline in

surplus. The increase in incurred losses and loss adjustment expenses was due in part to a one-time strengthening of reserves resulting from a third-party reserve sufficiency audit.

The chart below indicates the Company's premiums, surplus, and premiums-to-surplus ratios for the period under examination:

	2009	2010	2011	2012
Net written premiums (000s)	11,410	10,557	10,037	10,634
Change in written premiums (%)	-10.73	(7.48)	(4.93)	5.95
Policyholders' surplus (000s)	23,570	22,249	22,396	15,607
Change in surplus (%)	1.37	(5.60)	0.66	(30.31)
Premiums-to-Surplus ratio	0.48	0.47	0.45	0.68

LOSS EXPERIENCE

The following exhibit reflects the underwriting results of the Company over the last four years (in 000s).

	2009	2010	2011	2012
Premiums Earned	$ 11,947	$ 10,964	$ 10,228	$ 10,455
Losses Incurred	(1,939)	(4,928)	(1,582)	(6,428)
Loss Adjustment Expenses Incurred	(6,394)	(5,170)	(6,462)	(7,976)
Other Underwriting Expenses Incurred	(4,121)	(4,191)	(4,229)	(4,562)
Net Underwriting Gain/(Loss)	(507)	(3,325)	(2,045)	(8,511)
Investment Income	1,060	1,000	2,533	873
Other Income	244	250	246	282
Net Income (pre-tax)	$ 797	$ (2,075)	$ 734	$ (7,356)

REINSURANCE

General

The Company relies upon excess of loss and quota share coverage to limit its exposure and protect its surplus. Premiums written and ceded during the current examination period were as follows:

	2009	2010	2011	2012
Direct Written Premiums	$ 18,594,017	$ 17,228,789	$ 16,588,488	$ 17,692,179
Reinsurance Ceded	(7,184,491)	(6,671,916)	(6,551,079)	(7,058,094)
Net Written Premiums	$ 11,409,526	$ 10,556,873	$ 10,037,409	$ 10,634,085

Assumed

The Company assumed no reinsurance over the current examination period.

Ceded

Professional Liability—Excess of Loss

The Company's first layer of excess of loss reinsurance is $750,000 excess of $250,000. This agreement, effective January 1, 2012, is between The Bar Plan Mutual Insurance Company and several reinsurers, all of whom are authorized. The contract reinsures the Company's LPL business written in the states of Missouri, Kansas, Indiana, Tennessee and New Mexico. The agreement provides excess of loss coverage from $250,000 to $1,000,000 if there is no "Separate Defense Expense Limit Endorsement" in the insurance policy reinsured. If this endorsement does exist, the insurance policy is covered from $250,000 to $2,000,000.

The Company's second layer of excess of loss reinsurance is $4,000,000 excess of $1,000,000. This agreement, effective January 1, 2012, is between The Bar Plan Mutual Insurance Company and several reinsurers, all of whom are authorized. The contract reinsures the Company's LPL business written in the states of Missouri, Kansas, Indiana, Tennessee and New Mexico. The agreement provides excess of loss coverage from $1,000,000 to $5,000,000 if there is no "Separate Defense Expense Limit Endorsement" in the insurance policy reinsured. If this endorsement does exist, the insurance policy is covered from $1,000,000 to $6,000,000.

Professional Liability—Quota Share

The Company is a party to a 50% quota share agreement in which the Company retains 50% of 100% share in the interests and liabilities of the reinsurers, limited to the first $250,000. The Company's maximum retention is $125,000 per claim. This agreement, effective January 1, 2012, is between The Bar Plan Mutual Insurance Company and the reinsurers Munich Reinsurance America, Inc. (25%) and The Toa Reinsurance Company of America (25%), both of which are authorized. The contract reinsures the Company's LPL business written in the state of Tennessee.

Surety—Excess of Loss

The Company is party to a surety pro-rata excess of loss agreement in which the Company retains 50% of premiums and losses, up to a maximum retention of $250,000. For any bond written in excess of $500,000, the Company's retention is the percentage that $250,000 bears to the total bond penalty. This treaty is limited to bonds issued in amounts of $2,000,000 or less. Bonds issued in excess of $2,000,000 are reinsured facultatively. This agreement, effective January 1, 2012, is between the Company and the reinsurers Endurance Reinsurance Corporation of America (60%) and Transatlantic Reinsurance Company (40%), both of which are authorized. The contract reinsures surety policies written in the United States, Puerto Rico and the District of Columbia.

All of the above agreements are administered by Willis Re, a reinsurance intermediary.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting firm of Brown Smith Wallace LLC audited the Company's financial statements for each year under examination. The 2012 audit workpapers were reviewed and used in the course of this examination as deemed appropriate.

Actuarial Opinion

For each year during the period under examination, claims-related reserves and other actuarial items were reviewed and certified by the Company's appointed actuary, Charles V. Faerber,

FSA, ACAS, of Rudd and Wisdom, Inc. Mr. Faerber determined that the 2012 claims-related reserves and other actuarial items were adequate.

Information Systems
In conjunction with this examination, Andrew Balas, AES, CFE, CPA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems. His evaluation did not identify any significant weaknesses.

Consulting Actuary
Pursuant to a contract with the Department, Robert Daniel, ACAS, MAAA, of Merlinos and Associates, Inc., reviewed the adequacy of the Company's losses and related actuarial items at December 31, 2012. He concluded that the Company's losses and related actuarial items, as of the examination date, were adequate.

STATUTORY DEPOSITS

Deposits with the State of Missouri
The funds on deposit with the Department as of December 31, 2012, as reflected below, were deemed sufficient in par and market value to meet the deposit requirement for the state of Missouri in accordance with Section 379.098 RSMo (Securities to be deposited by all companies, kind and amount):

Type of Security	Par Value	Fair Value	Statement Value
Jackson County MO SD	$ 500,000	$ 503,945	$ 500,554
Clay County MO SD	100,000	110,223	106,972
Clay County MO SD	275,000	303,113	293,272
St. Louis County MO	100,000	107,362	105,882
Curators of University of MO	650,000	722,982	713,990
St. Louis Parkway SD	100,000	112,428	111,046
MO State Environmental Improvement	320,000	349,987	349,155
US Treasury Note	500,000	505,430	501,830
Total	$ 2,545,000	$ 2,715,470	$ 2,682,701

Deposits with Other States
The Company also has funds on deposit with other states in which it is licensed. Those funds on deposit as of December 31, 2012, were as follows:

State	Type of Security	Par Value	Fair Value	Statement Value
Florida	US Treasury Note	$ 225,000	$ 225,036	$ 224,833
Georgia	Wells Fargo Fund	25,011	25,011	25,011
Massachusetts	US Treasury Note	525,000	525,021	525,283
Nevada	US Treasury Note	250,000	259,200	249,829
New Mexico	US Treasury Note	125,000	129,600	124,914
North Carolina	First American Fund	200,003	200,003	200,003
Ohio	US Treasury Note	300,000	311,181	310,236
Oklahoma	US Treasury Note	325,000	326,563	325,147
Oregon	US Treasury Note	275,000	285,035	277,819
Virginia	US Treasury Note	250,000	250,235	250,348
Wyoming	US Treasury Note	175,000	179,281	174,141
	Totals	$ 2,675,014	$ 2,716,166	$ 2,687,564

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2012, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements," which follow the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual Annual Statement item.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 28,128,553	$ -	$ 28,128,553
Common stocks	9,890,909	-	9,890,909
Properties occupied by the company	1,731,825	-	1,731,825
Cash and short-term investments	4,446,095	-	4,446,095
Investment income due and accrued	525,935	263,723	262,212
Uncollected premiums and agents' balances	3,219,296	65,698	3,153,598
Amounts recoverable from reinsurers	405,883	-	405,883
Current federal and foreign income tax recoverable	19,157	-	19,157
Net deferred tax asset	2,969,904	2,034,009	935,895
Guaranty funds receivable or on deposit	2,100	-	2,100
Furniture and equipment	46,760	46,760	-
Electronic data processing equipment and software	50,755	1,825	48,930
Receivables from parent, subsidiaries and affiliates	195,569	-	195,569
Deductible receivable	337,945	212,329	125,616
Due and accrued service charge fees	108,552	-	108,552
Due from employees	12,508	12,508	-
Automobile	12,088	12,088	-
Miscellaneous receivable	21,278	-	21,278
TOTAL ASSETS	$ 52,125,112	$ 2,648,940	$ 49,476,172

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	$ 15,296,151
Loss adjustment expenses	10,097,614
Commissions payable	687,634
Other expenses	562,214
Taxes, licenses and fees	27,182
Unearned premiums	5,323,231
Advance premium	591,754
Ceded reinsurance premiums payable	560,665
Amounts withheld or retained by company for account of others	408,570
Remittances and items not allocated	43,284
Provision for reinsurance	61,200
Profit commission payable	193,701
Unclaimed funds	16,315
Total liabilities	$ 33,869,515
Policyholder contributions	$ 287,900
Surplus notes	5,009,284
Unassigned funds (surplus)	10,309,473
Surplus as regards policyholders	$ 15,606,657
TOTAL LIABILITIES AND SURPLUS	$ 49,476,172

STATEMENT OF OPERATIONS

Premiums earned	$ 10,454,535
Losses incurred	6,428,005
Loss adjustment expenses incurred	7,975,671
Other underwriting expenses incurred	4,562,418
Total underwriting deductions	18,966,094
Net underwriting gain	(8,511,559)
Net investment income earned	785,089
Net realized capital gains	88,104
Net investment gain	873,193
Finance and service charges not included in premiums	253,054
Miscellaneous income	28,966
Total other income	282,020
NET INCOME	$ (7,356,346)

SURPLUS RECONCILIATION

Net income	770,503	(2,021,444)	718,236	(7,356,346)
Change in net unrealized capital gains	(379,625)	613,077	(258,960)	202,288
Change in net deferred income tax	874,871	784,990	22,253	(529,740)
Change in nonadmitted assets	(939,995)	(720,200)	(313,081)	785,871
Change in provision for reinsurance	(29,600)	59,600	(800)	(60,400)
Cumulative effect of changes in accounting principles	-	-	-	131,677
Surplus adjustments paid in	(32,800)	(27,300)	(20,400)	(14,400)
Adjustment for SSAP 101	-	-	-	(131,677)
Prior year tax period adjustment	46,036	-	-	183,415
Change in surplus as regards policyholders for the year	309,390	(1,311,277)	147,248	(6,789,312)
Surplus as regards policyholders, current year	$ 23,559,998	$ 22,248,721	$ 22,395,969	$ 15,606,657

COMMENTS ON FINANCIAL STATEMENTS

None.

GENERAL COMMENTS OR RECOMMENDATIONS

None.

ACKNOWLEDGEMENT

The assistance and cooperation extended by The Bar Plan Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Rick Stamper, CFE; Michael Behrens; and Andrew T. Balas, CFE, AES, CPA, examiners for the Department, and Robert P. Daniel, ACAS, MAAA of Merlinos & Associates, Inc., participated in this examination.

VERIFICATION

State of Missouri)

) ss

City of St. Louis)

I on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Thomas J. Cunningham, CPA, CFE
Examiner-in-Charge
Department of Insurance, Financial Institutions and Professional
Professional Registration

Sworn to and subscribed before me this 20 day of February, 2014.

My commission expires:

March 15, 2016

Vonda Wallace
Notary Public

VONDA WALLACE
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis City
My Commission Expires: March 15, 2016
Commission Number: 12315291

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with the National Association of Insurance Commissioners procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Michael Shadowens, CFE
Audit Manager
Department of Insurance, Financial Institutions and
Professional Registration