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JAN 31 2025

Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

ASSOCIATED LOGGERS EXCHANGE

Idaho Certificate of Authority No. 1245
NAIC No. 37370

Docket No. 18-4638-25

**ORDER ADOPTING REPORT
OF EXAMINATION
AS OF DECEMBER 31, 2023**

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs, transactions, records, and assets of ASSOCIATED LOGGERS EXCHANGE (the “Exchange”) to ascertain compliance with title 41, Idaho Code, and related rules, pursuant to Idaho Code § 41-219(1) and (5), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Examination of the Exchange for the period of January 1, 2019, to December 31, 2023 (“Report”), as filed.

FINDINGS OF FACT

1. The Exchange is an Idaho-domiciled Casualty-Workers’ Compensation Reciprocal Insurer, which was duly registered with the Department on July 24, 1979, under Idaho Certificate of Authority No. 1245 (NAIC No. 37370).

2. The Department completed an examination of the Exchange pursuant to Idaho Code § 41-219(1) and (5) on or about January 21, 2025. The Department’s examination disclosed no adverse material findings or any adjustments that impacted the Exchange’s reported net assets.

3. Pursuant to Idaho Code § 41-227(4), a copy of the Report was filed with the Department on January 22, 2025, and was transmitted to the Exchange on January 23, 2025. A copy of the Report is attached hereto as Exhibit A.

4. Pursuant to Idaho Code § 41-227(4), the Exchange had thirty (30) days from service of the Report within which to review, comment, or request a hearing on the Report. On January 23, 2025, the Department received a “Waiver” from the Exchange signed by John Graham, the Exchange’s Attorney-in-Fact, and authorized signatory. A copy of the Waiver is attached hereto as Exhibit B. By executing the Waiver, the Exchange has consented to the Director’s immediate entry of a final order adopting the Report without modification. The Exchange has also waived its rights to: (1) examine the Report for not more than thirty (30) days; (2) make written submission or rebuttal to the Report prior to the entry of a final order; (3) request a hearing, and (4) seek reconsideration and appeal from the Director’s order adopting the Report.

CONCLUSIONS OF LAW

5. Idaho Code § 41-227(5)(a) provides that, after expiration of “the period allowed for the receipt of written submissions or rebuttals, the Director shall fully consider and review the report, together with any written submissions or rebuttals and relevant portions of the examiner’s work papers” and shall enter an order adopting the report of examination as filed or with modifications or corrections.

6. Having fully considered the Report, the Director concludes that, with regard to the matters examined and information provided by the Exchange, the comments and recommendations contained in the Report are appropriate and are incorporated herein as if set forth in full.

ORDER

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report of Examination of Associated Loggers Exchange for the period of January 1, 2019, to December 31, 2023, is hereby ADOPTED as filed, pursuant to Idaho Code § 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(8), that the adopted Report is a public record and shall not be subject to the exemptions from disclosure provided in Chapter 1, Title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within thirty (30) days of the issuance of the adopted Report, the Exchange shall file with the Department's Chief Examiner, affidavits executed by each of its trustees or, if none, its principal officers, stating under oath that they have received a copy of the adopted Report and related orders.

IT IS SO ORDERED.

DATED this 31 day of January, 2025.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

NOTIFICATION OF RIGHTS

This Order constitutes a final order of the Director. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The Director will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. *See*, Idaho Code § 67-5246(4).

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order; or (b) an order denying a petition for reconsideration; or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. *See*, Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 31st day of January, 2025, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2023, to be served upon the following by the designated means:

Associated Loggers Exchange John Graham, Attorney-in-Fact 2676 S Vista Ave Boise, ID 83705	<input type="checkbox"/> First Class Mail <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input type="checkbox"/> Email:
James Anderson Deputy Chief Examiner Idaho Department of Insurance 700 W. State Street, 3 rd Floor P.O. Box 83720 Boise, ID 83720-0043	<input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail <input type="checkbox"/> Hand Delivery <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> Email: james.anderson@doi.idaho.gov



Jan Noriyuki
Paralegal

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

ASSOCIATED LOGGERS EXCHANGE
(A Domestic Reciprocal Insurer)
(NAIC Company Code: 37370)

As of
December 31, 2023

EXHIBIT

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exhibitmaker.com

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Boise, Idaho
January 21, 2025

The Honorable Dean L. Cameron
Director of Insurance
State of Idaho
700 West State Street
P.O. Box 83720
Boise, Idaho 83720-0043

Dear Director:

Pursuant to your instructions, in compliance with Section 41-219(1), Idaho Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2023, of the financial condition and corporate affairs of:

Associated Loggers Exchange
2676 S Vista Avenue
Boise, Idaho 83705

Hereinafter referred to as (the “Exchange”), at its offices in Boise, Idaho. The following report of examination is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered

We have performed our multi-state examination of the Exchange. The prior examination was completed as of December 31, 2018. This examination covers the period of January 1, 2019, through December 31, 2023.

Examination Procedures Employed

Our examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (the “Handbook”) to determine compliance with accounting practices and procedures in conformity with the applicable laws and insurance rules promulgated by the Idaho Department of Insurance (the “Department”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Exchange, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Exchange were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Account Principles. The examination does not attest to the fair presentation of the financial statements herein. If, during the course of the examination an adjustment was identified, the impact of such an adjustment will be documented separately following the Exchange’s financial statements.

This examination report includes findings of facts and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to the Exchange.

The examination determined the risks associated with identified key functional areas of the Exchange’s operation and considered mitigating factors. Interviews were held with the senior management of the Exchange to gain an understanding of the entity’s operating profile and control environment.

The Exchange retained the services of a certified public accounting firm, Presnell Gage, PLLC, to audit its financial records for the years under examination. The firm allowed the examiners access to requested work papers prepared in connection with its audit. The external audit work was relied upon where deemed appropriate.

The examination relied on the findings of the actuarial firm contracted by the Department to verify reserves.

A letter of representation certifying that management disclosed all significant matters and records was obtained from management and included in the examination working papers.

Status of Prior Examination Findings

Our examination included a review to determine the status of the two examination findings in our preceding Report of Examination, adopted September 30, 2020, which covered the period from January 1, 2015, through December 31, 2018. We determined that the Exchange had satisfactorily addressed the prior examination findings.

SUMMARY OF SIGNIFICANT FINDINGS

Our examination did not disclose any material adverse findings or any adjustments that impacted the Exchange's reported capital and surplus.

SUBSEQUENT EVENTS

We noted no significant subsequent events as of the date of this report.

EXCHANGE HISTORY

General

The Exchange was organized as a Casualty-Workers' Compensation Only, Reciprocal Insurer under the laws of the State of Idaho. Pursuant to Idaho Code § 41-2909, the Certificate of Authority was issued through its attorney-in-fact, Associated Loggers Management Corporation (ALMC), in the name of the Exchange on July 24, 1979. On May 24, 1994, the Exchange purchased all the outstanding capital stock of ALMC. This transaction was approved by the Department. On July 29, 2001, the Exchange obtained a Certificate of Authority from the State of Montana to write casualty business, limited to workers' compensation only. The Exchange started writing premium in the State of Montana in 2002.

The Exchange's statutory home office address is 2676 S Vista Avenue, Boise, Idaho 83705. The Exchange's principal place of business and primary location of its books and records are at the same location.

Dividends and Capital Contributions

During the examination period January 1, 2019, through December 31, 2023, and subsequent thereto, the Board of Governors (the "Board") declared, and the Exchange paid the following premium returns (dividends) to subscribers of the Exchange:

<u>Date Declared</u>	<u>Date Approved</u>	<u>Date Paid</u>	<u>Distribution</u>
April 25, 2019	May 1, 2019	June 1, 2019	\$ 250,000
May 5, 2020	May 11, 2020	June 1, 2020	350,000
April 22, 2021	May 21, 2021	June 1, 2021	400,000
April 21, 2022	May 2, 2022	June 1, 2022	500,000
April 20, 2023	May 8, 2023	June 1, 2023	600,000
April 25, 2024	May 8, 2024	June 1, 2024	500,000

Mergers and Acquisitions

There were no mergers and acquisitions during the examination period.

Surplus Debentures

Only one class of surplus notes was outstanding during the examination period. These surplus notes represented amounts originally contributed to the Exchange to fund its minimum surplus requirements. The notes were issued to original and early subscribers of the Exchange, and amounts were based on a percentage of estimated annual premiums. These notes do not bear interest and were subordinated to all liabilities of the Exchange.

Redemption of the surplus notes is dependent upon the Board's determination, certain surplus requirements, and Department approval. During the examination period, the Exchange did not redeem any surplus notes. The balance as of December 31, 2023, was \$47,474.

CORPORATE RECORDS

The meetings of the Board were conducted four times a year for all the years under examination except for 2019, where five meetings were conducted. An Annual Meeting of Members is held pursuant to the Rules of the Associated Loggers Exchange. Meetings were held in person except for 2020 and part of 2021 where virtual meetings were held during the height of the COVID-19 pandemic. Directors are elected, nominated, and approved during Board meetings. Information discussed during Board meetings includes financial, operational, and strategic information such that Board members may be informed and are able to provide appropriate oversight and governance.

All investment and loan transactions, including making, selling, or exchanging, are approved and ratified by the Board, as required by Idaho Code § 41-704.

The prior Examination Report as of December 31, 2018, was distributed to the Board on March 5, 2021, in accordance with Idaho Code § 41-227(6)(a).

MANAGEMENT AND CORPORATE GOVERNANCE

The Exchange is controlled by its member subscribers and managed by the Board. The Rules of the Associated Loggers Exchange (the "Rules") indicate the number of members on the Board to be a minimum of nine. At least two or more members shall be appointed by ALMC, and one member shall be the Executive Director of the Associated Logging Contractors of Idaho, Inc. (ALC). No member shall serve for more than two consecutive terms, each term being three years, except for the two or more persons appointed by ALMC and the Executive Director of the ALC who can serve for more than two consecutive terms.

The following persons served on the Board of the Exchange as of December 31, 2023:

<u>Name</u>	<u>Principal Occupation</u>
Jack A. Buell	Owner

St Maries, Idaho	JMF Co., Inc.
Tim E. Christopherson Kamiah, Idaho	Owner Dabco, Inc.
Corby Finke Orofino, Idaho	Owner Finke Logging Co., Inc.
Diana Henderson Deary, Idaho	Owner Pine Creek Logging LLC
Capella Ikola McCall, Idaho	Owner G. Ikola, Inc.
Shawn Keough ⁽¹⁾ Coeur d'Alene, Idaho	Executive Director Associated Logging Contractors of Idaho, Inc.
John Larson Orofino, Idaho	Owner M. John Larson Logging
Richard A. Nordstrom Post Falls, Idaho	Owner Richard A. Nordstrom Logging
Robert St. Onge Kalispell, Montana	Owner St. Onge Logging, Inc.
Ron Streeter Dalton Gardens, Idaho	Owner Streetercorp, Inc.
Ken Swanstrom Kalispell, Montana	Owner Skookum Timber Company, Inc.

⁽¹⁾Clete Edmunson replaced Shawn Keough on the Board, investment committee, and as Secretary on November 1, 2024.

The Exchange's Rules stipulate that the Board shall have oversight responsibility to supervise the operations of ALMC, the Exchange's attorney-in-fact, to such extent as necessary to assure conformity with the Rules and to supervise the finances of the Exchange.

The Rules authorize the Board to establish audit and investment committees. As of December 31, 2023, the Exchange's Board had the following committees:

Audit Committee:

Jack Buell
Tim Christopherson
Capella Ikola
Bob St. Onge
Ken Swanstrom

Investment Committee:

Scott Brassey
Jack Buell
Tim Christopherson
John Graham
Capella Ikola
Shawn Keough
John Larson
Mark Mahon
Chad Neptune
Ken Swanstrom

The Rules of the Exchange provide for principal officers to consist of a Chairman and a Secretary, and at the discretion of the Board, one or more vice-chairmen, one or more assistant secretaries, a treasurer, and one or more assistant treasurers, and such other officers as may be appointed in accordance with the Rules of the Exchange. The following persons served as officers of the Exchange as of December 31, 2023:

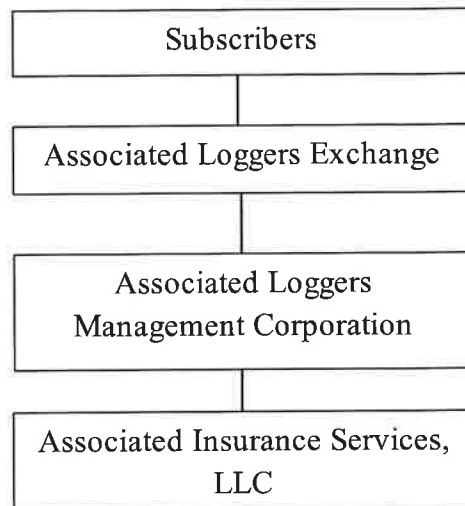
Name

Ken Swanstrom
Shawn Keough
Capella Ikola

Position

Chairman
Secretary
Vice Chairman

As of December 31, 2023, the holding company structure can be shown in the following organizational chart. All ownership is 100% unless otherwise stated:



As of December 31, 2023, the Exchange has the following significant affiliated agreements:

Management Agreement

Under the terms of a management agreement, ALMC agrees to act as attorney-in-fact for the Exchange and its subscribers. Pursuant to the agreement, the attorney-in-fact is responsible for the production, underwriting, and servicing of insurance, as well as servicing and handling insurance claims and losses. The Exchange is responsible for expenses including, but not limited to losses and claim payments; loss prevention expenses; governmental charges; taxes, audit and attorney fees; board fees and expenses; reinsurance premiums; investment counsel fees; officers' expenses, and subscriber meeting expenses. The management agreement is effective July 1, 2020, and terminates on June 30, 2025, and may be terminated by either party for reasons specified therein.

Safety Services Agreement

A safety services agreement was executed between the Exchange and ALC Services, Inc. (ALCS), an unaffiliated Idaho Corporation who supplies loss prevention services. ALCS, under the agreement, shall develop and administer a safety program for insureds of ALE. The agreement is effective July 1, 2020, and terminates on June 30, 2025, and may be terminated by either party for reasons specified therein.

Policy Services Agreement

A policy services agreement was executed between ALMC and Associated Insurance Services, LLC (AIS). Under the terms of the agreement, ALMC appointed AIS as its exclusive agent for workers' compensation insurance in Idaho written with the Exchange. AIS is authorized to act as ALMC's agent in connection with the administration of the Exchange's business. The agreement is effective January 1, 2021, and terminates on June 30, 2025, and may be terminated by either party for reasons specified therein.

Lease and Sub-Lease Agreement

The Exchange and ALMC entered into a lease agreement on January 1, 2022. The lease is automatically renewed each year on January 1st unless terminated by either party with at least 60 days prior written notice. Under the agreement, the Exchange allows ALMC to sublet to AIS. Consequently, a sublease agreement was executed between ALMC and AIS effective January 1, 2022. The sublease renews automatically at the end of each lease term unless terminated by either party with at least 60 days written notice.

FIDELITY BONDS AND OTHER INSURANCE

As of December 31, 2023, the Exchange had sufficient fidelity bond coverage subject to a loss limit of \$1,000,000.

The Exchange also had additional insurance coverages including commercial property, general liability, business auto, umbrella, workers' compensation, E&O, D&O, cyber, EPLI, and fiduciary. The insurance companies providing coverage to the Exchange were authorized insurers of the State of Idaho as of the examination date.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Exchange does not have any employees and therefore does not have any pension, stock ownership, or insurance plans.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2023, the Exchange was licensed in Idaho and Montana, as a multistate reciprocal insurer. The Exchange provides coverage for workers' compensation and employers' liability insurance. Business is written on behalf of the Exchange through two policy service agreements. One agreement is with affiliate, AIS, for business written in Idaho. The other policy services agreement is with a non-affiliate, MLA Services, Inc., a Montana corporation.

Operations of the Exchange were conducted from its main administrative office located in Boise, Idaho. In addition, offices to administer claims were maintained in Coeur d'Alene, Idaho and Missoula, Montana.

GROWTH OF THE EXCHANGE

The following represents the Exchange's Premium Activity and its relationship to surplus over the period of our examination:

	2023	2022	2021	2020	2019
Gross Written Premium	\$12,200,232	12,678,172	12,454,870	11,985,380	13,298,079
Policyholder Surplus	\$18,472,652	17,355,638	17,264,239	15,903,816	15,358,668
Gross Written Premium to policyholder surplus ratio	66%	73%	72%	75%	87%

LOSS EXPERIENCE

The following represents the Exchange's loss experience and its relationship to net premium income over the period of our examination:

	2023	2022	2021	2020	2019
Net Premium Earned	\$10,661,835	11,086,885	10,882,161	10,612,441	11,799,136
Loss Incurred	\$ 6,848,860	6,996,352	7,232,732	7,614,512	7,697,338
Loss Adjustment Expenses incurred	\$ 1,259,375	1,252,264	1,043,621	925,001	947,098
Total Loss and Loss adjustment and expenses incurred	\$ 8,108,235	8,248,616	8,276,353	8,539,513	8,644,436
Total Loss and Loss adjustment expenses incurred to Net Premium Earned (Loss Ratio)	76%	74%	76%	81%	73%

REINSURANCE

Assumed

The Exchange did not assume any reinsurance business during or subsequent to the examination date.

Ceded

The Exchange's workers' compensation and employers' liability business is ceded to highly rated subscribing reinsurers under an excess of loss reinsurance contract. The reinsurance contract in force during the examination period and subsequent thereto, is written and administered by Aon Benfield, the Exchange's reinsurance intermediary. The contract is renewed on an annual basis on April 1st. There are four layers to the excess of loss reinsurance contract: \$4,000,000 excess of \$1,000,000 with the Exchange participating in 15 percent; \$6,000,000 excess of \$5,000,000 with no Exchange participation; \$10,000,000 excess of \$11,000,000 with no Exchange participation; and \$15,000,000 excess of \$21,000,000 with no Exchange participation. The Exchange has increased its participation in the first layer from 15 percent to 25 percent during the examination period.

The reinsurance contract contained acceptable provisions for inspection of records, arbitration, termination, and insolvency clauses. The Exchange is in compliance with the reinsurance provisions in Idaho Code, Title 41.

ACCOUNTS AND RECORDS

The accounts and records of the Exchange are maintained at the home office in Boise, Idaho. The annual independent audits of the Exchange for the examination period were performed by Presnell, Gage, PLLC. The audit reports were made available for the examination.

Information requests for the examination of the Exchange were made in writing. The Exchange provided the requested documentation and information in a timely manner in accordance with Idaho Code, Title 41, Chapter 2.

STATUTORY DEPOSITS

Pursuant to Idaho Code § 41-316A, the Exchange was required to maintain a deposit in an amount equal to or greater than \$1,000,000. The examination confirmed that the Exchange maintained a statutory deposit with the State of Idaho with a total par value of \$1,205,000, which was adequate to cover the required deposit.

The special deposits maintained by or through regulatory agencies on the policyholder's behalf as of December 31, 2023, were as follows:

<u>Description</u>	<u>Statement Value</u>	<u>Fair Value</u>	<u>Par Value</u>
Idaho Department of Insurance:			
Chevron Corp., 2.236%, 5/11/30	\$ 268,125	\$ 265,803	\$ 300,000
Exxon Mobil, 3.043%, 3/1/26	260,488	242,768	250,000
Little Lake City, Sch Dist., 5.964%, 7/1/26	164,257	159,241	155,000
McCormick Co., 3.4%, 8/15/27	267,831	238,643	250,000
Charles Schwab Corp., 3.45%, 2/13/26	250,076	242,223	250,000
Subtotal:	<u>\$1,210,778</u>	<u>\$1,148,676</u>	<u>\$1,205,000</u>
Idaho Industrial Commission:			
Bonneville ID, 4%, 9/15/30	\$ 235,203	\$ 230,562	\$ 225,000
Idaho Bond Bank Auth., 4%, 3/15/24	\$50,216	50,083	50,000
Idaho Bond Bank Auth., 4%, 9/15/29	150,649	150,302	150,000
Idaho Energy Re. Au. Rev., 2.772%, 9/1/26	377,470	358,189	375,000
Idaho Energy	493,546	469,005	500,000
Idaho Hsg Fin Assn., 6.5%, 1/1/25	70,000	70,102	70,000
Idaho Hsg Fin Assoc. Dev. Rev., 7%, 1/1/40	250,000	250,510	250,000
Idaho ST Bldg. Auth., 3.531%, 9/1/28	331,610	337,463	350,000
Idaho ST Bldg., 3.681%, 9/1/29	287,816	288,600	300,000
Idaho ST Bldg. Auth., 3.981%, 9/1/32	190,643	180,909	190,000
Idaho ST Bldg. 2.365%, 9/1/25	194,773	192,412	200,000
Idaho ST Bldg., 3.38%, 9/1/29	216,768	208,576	215,000
Idaho ST, 3.58%, 9/1/32	322,320	293,049	300,000
Idaho ST Bldg., 3.79%, 9/1/37	232,098	236,131	240,000
Idaho ST Bldg., 3.87%, 9/1/43	195,805	197,312	200,000
Idaho ST Bldg., Auth. Rev., 3.27%, 9/1/25	54,663	53,699	55,000

Twin Falls County ID Sch. Dist., 4%, 9/15/29	346,184	294,738	300,000
Cash	59,000	59,000	59,000
Subtotal:	<u>\$4,058,765</u>	<u>\$3,920,641</u>	<u>\$4,029,000</u>
Total:	<u>\$5,269,543</u>	<u>\$5,069,317</u>	<u>\$5,234,000</u>

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Exchange with the Department and present the financial condition of the Exchange for the period ending December 31, 2023. The accompanying comments on financial statements reflect any material examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

Statement of Assets

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 32,939,405		\$ 32,939,405
Stocks			-
Common Stocks	5,853,339	324,902	5,528,437
Real Estate			-
Properties occupied by the company	1,314,636		1,314,636
Properties held for the production of income	376,766		376,766
Properties held for sale			-
Cash, cash equivalents and short-term investments	2,662,506		2,662,506
Investment income due and accrued	337,523		337,523
Uncollected premiums and agents' balances in the course of collection	(303,889)	12,752	(316,641)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,351,124		1,351,124
Amounts recoverable from reinsurers	74,889		74,889
Net deferred tax asset	502,157	502,157	-
Aggregate write-ins for other-than-invested assets*	166,849	72,817	94,032
Total assets	\$ 45,275,305	\$ 912,628	\$ 44,362,677

*Premium tax deposits: \$94,032

Statements of Liabilities

Losses	\$ 21,947,576
Loss adjustment expenses	2,112,608
Other expenses (excluding taxes, licenses and fees)	285,484
Taxes, licenses and fees (excluding general and foreign income taxes)	104,339
Current federal and foreign income taxes	30,870
Net deferred tax liability	161,635
Ceded reinsurance premiums (net of ceding commissions)	687,790
Funds held by company under reinsurance treaties	3,316
Amounts withheld or retained by company for account of others	455,783
Aggregate write-ins for liabilities**	100,624
Total liabilities	\$ 25,890,025

**Reserve for retrospective premium: \$100,624

Statement of Income

UNDERWRITING INCOME

Premiums earned	\$ 10,661,835
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DEDUCTIONS

Losses incurred	\$ 6,848,860
Loss adjustment expenses incurred	1,259,375
Other underwriting expenses incurred	2,424,225
Total underwriting deductions	<u>\$ 10,532,460</u>
Net underwriting gain (loss)	<u>\$ 129,375</u>

INVESTMENT INCOME

Net investment income earned	1,036,309
Net realized capital gain (losses) less capital gain tax	185,036
Net investment gain (loss)	<u>\$ 1,221,345</u>
Net income before dividends to policyholder, after capital gains tax and before all other federal and foreign and foreign income taxes	<u>\$ 1,350,720</u>
Dividends to policyholders	<u>600,000</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	<u>\$ 750,720</u>
Federal and foreign income taxes incurred	<u>188,207</u>
Net income	<u><u>\$ 562,513</u></u>

Capital and Surplus

Surplus as regards policyholders, December 31 prior year	\$ 17,355,638
Net income	562,513
Change in net unrealized capital gains or (losses) less capital gains tax	546,551
Change in net deferred income tax	(18,601)
Change in nonadmitted assets	26,551
Net change in capital and surplus for year	<u>\$ 1,117,014</u>
Capital and surplus, December 31, current year	<u>\$ 18,472,652</u>

Reconciliation of Capital and Surplus

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital and surplus, December 31, prior year	\$ 13,791,984	\$ 15,358,668	\$ 15,903,815	\$ 17,264,239	\$ 17,355,638
Net income	1,103,014	(201,810)	828,052	670,815	562,513
Change in net unrealized capital gains or (losses) less capital gains tax	533,568	641,763	657,574	(404,550)	546,551
Change in net deferred income tax	(85,026)	35,532	(92,830)	(55,035)	(18,601)
Change in nonadmitted assets	15,128	69,662	(32,372)	(119,831)	26,551
Net change in capital and surplus for year	\$ 1,566,684	\$ 545,147	\$ 1,360,424	\$ 91,399	\$ 1,117,014
Capital and surplus, December 31, current year	\$ 15,358,668	\$ 15,903,815	\$ 17,264,239	\$ 17,355,638	\$ 18,472,652

Analysis of Changes in Financial Statements Resulting from Examination

There were no adjustments made to surplus in the Report of Examination.

Comments on Financial Statement Items

There were no adverse findings or material changes to the financial statements resulting from the examination.

SUMMARY OF RECOMMENDATIONS

There were no material findings or recommendations rising to the level deemed necessary for inclusion into this report of examination.

ACKNOWLEDGEMENT

Glenn Tobleman, FSA, FCAS, MAAA and Valerie Hanley of Lewis & Ellis, LLC performed the actuarial phases of the examination. James Gowins, CISA, AES, AFE, MCM of Examination Resources, LLC performed the Information Systems review. In addition to the undersigned, Cecilee Houdek, CFE, CPA, MCM of The INS Companies, participated in the examination as Examination Supervisor representing the Idaho Department of Insurance. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Exchange.

Respectfully submitted,



Christian Mitterholzer (01/22/2025 14:22 PST)

Christian Mitterholzer, CFE
Examiner-in-Charge
The INS Companies
On behalf of the Idaho Department of Insurance



James Anderson, AFE
Deputy Chief Examiner
Idaho Department of Insurance

AFFIDAVIT OF EXAMINER

State of California
County of Placer

Christian Mitterholzer, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of Associated Loggers Exchange for the period January 1, 2019, through December 31, 2023, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

Christian Mitterholzer

Christian Mitterholzer (01/22/2025 14:22 PST)

Christian Mitterholzer, CFE

Examiner-in-Charge

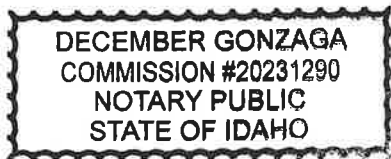
The INS Companies

On behalf of the Idaho Department of Insurance

Subscribe and sworn to before me the 22nd day of JANUARY, 2025, at Boise, Idaho.

[Signature]

Notary Public



My Commission Expires: 3/15/2029

AFFIDAVIT OF EXAMINER

State of Idaho
County of Ada

James Anderson, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of Associated Loggers Exchange for the period January 1, 2019, through December 31, 2023, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

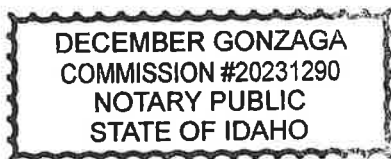


James Anderson, AFE
Deputy Chief Examiner
Idaho Department of Insurance

Subscribe and sworn to before me the 22ND day of JANUARY, 2025, at Boise, Idaho.



Notary Public



My Commission Expires: 3/15/2029

BRAD LITTLE
Governor

State of Idaho
DEPARTMENT OF INSURANCE

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone (208)334-4250
FAX # (208)334-4398

DEAN L. CAMERON
Director

WAIVER

In the matter of the Report of Examination as of December 31,
2023 of the:

Associated Loggers Exchange

By executing this Waiver, the Exchange hereby acknowledges receipt of the above-described examination report, verified as of January 23, 2023, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance adopting said report without any modifications.

By executing this Waiver, the Exchange also hereby waives:

1. its right to examine the report for not more than thirty (30) days as provided in Idaho Code section 41-227(4),
2. its right, after the date of this waiver, to make a written submission or rebuttal to the report prior to entry of a final order as provided in Idaho Code section 41-227(4) and (5),
3. any right to request a hearing under Idaho Code sections 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code, and
4. any right to seek reconsideration and appeal from the Director's order adopting the report as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 23rd day of January, 2025

John Graham

Name (print)

John Graham

Name (signature)

Pres./Att-in-Fact

Title

EXHIBIT

B

exhibitstickers.com