



***Precious Resources***  
***People. Services. Products.***



**LAWYERS MUTUAL ANNUAL REPORT 2022**



## TABLE OF CONTENTS

President's Message	3
Enterprise and Operational Risk Management	4
Client Services	5
Underwriting	5
Claims	6
Financials	7
Board of Directors & Officers	10
Lawyers Insurance Agency	11
Lawyers Mutual Consulting & Services	11
LM Title	11

*Photograph cover:  
French Broad River, Asheville, NC*

*Photo this page:  
Looking Glass Falls, Brevard, NC*



# *President's Message*

---

Valued Policyholders,

Despite the chaotic equity markets in 2022 and inflationary challenges, we are pleased to report that we enjoyed a strong financial year, further enhancing our already strong capital position, and again declaring a policyholder dividend of approximately \$1 million. By the end of 2023, we will have returned nearly \$12.3 million to policyholders in the form of dividends since 2011. One of our continuing goals is to return as much capital via policyholder dividends as is financially prudent. Being able to participate in dividends is one of the major benefits of being insured with a mutual company. The capital strength of your professional liability insurance carrier and its policyholder dividend history are incredibly important, especially during times of economic uncertainty like those we now face.

Rather than going into more detail on our financials, which you will find later in this report, I'd like to update you on the efforts we've undertaken to add policyholder value. (Adding value is also an ongoing goal.) Beginning August of 2022, we partnered with Erik Mazzone, founding Director of the Center for Practice Management at the North Carolina Bar Association, to bolster our law practice management resources and capabilities. In addition to the foregoing, Erik offers three hours of law practice management consulting at no charge to our insureds. We also began building an on-demand continuing legal education library that will soon be available to insureds – probably before you read this letter. At the time of writing, there are 13 programs in the library, mostly covering real estate practice and cybersecurity issues. New content covering other practice areas and risk and law practice management will be added on an ongoing basis. Finally, we've been developing an insured portal and mobile application to provide you with easy access to quotes, invoices, payments, policy information and documents, and the ability to request policy changes.

We sincerely hope that you find value in these additional services and offerings. Of course, we always appreciate your suggestions, whether on additional products or services or things we can do better or differently.

On behalf of everyone at Lawyers Mutual, we offer our sincere appreciation for your continuing loyalty, support, and trust. Thank you for your business.

Dan Zureich



**DAN ZUREICH, PRESIDENT & CEO**

# Highlights

---

In 2022, Lawyers Mutual added a Relationship Manager/Claims Counsel to its in-house legal team with the return of Will Graebe. Will reflected on his return saying, “While a lot has changed since Lawyers Mutual was founded in 1978, one thing that hasn’t changed is the importance of our relationships with our insureds. My goal is to make sure we are meeting their needs and providing exceptional service.”

Lawyers Mutual also began offering insureds specialized law practice management and technology services by engaging Erik Mazzone, LM Practice Management Consultant. According to Erik, “Lawyers Mutual is one of North Carolina’s great legal institutions, and I am honored to partner with them to provide practice management and legal technology education to help insureds build and grow their practices.”

## Enterprise & Operational Risk Management

---

The Enterprise and Operational Risk Management Team operates largely in the background with tasks such as maintaining the technology and security programs, supporting other departments through business analytics, and developing and testing policies and procedures to maintain operations through unexpected events.

In 2022, our Department undertook accessing and testing system vulnerability as well as a penetration testing process.

Cybersecurity continues to be a major focus. We performed Cybersecurity risk assessment and heatmap monitoring.



**PATRICK BROWN**  
VICE PRESIDENT OF  
ENTERPRISE AND  
OPERATIONAL RISK  
MANAGEMENT

“*Protecting Lawyers Mutual and sharing data security solutions with policyholders are smart investments of time and resource.*”

## Client Services

---

The big news in Client Services was a successful return to in-person “Put Into Practice” CLE seminars. These popular 3-hour programs – presented live in communities across the state – bring legal education directly to our policyholders. Notably, 2022 saw record attendance by paralegals and staff at the seminars.

Client Services also provided topical and timely risk management content by way of our monthly “Put Into Practice” newsletters, quarterly “Common Errors” bulletins, periodic Risk Management E-Alerts on emerging threats, and more than 150 original posts on the Byte of Prevention Blog. In addition, the Client Services team participated in speaking engagements, local bar events, and in-firm presentations across the state.



**JULIE D. BEAVERS**  
DIRECTOR OF CLIENT  
SERVICES

“ *From enhanced risk management to new law practice management services, adding value to your policy is a focal point for Client Services.*”

## Underwriting

---

The Underwriting Department had a successful 2022, writing 179 new policies and attaining a policyholder retention rate of 90.5%. With 3,380 policies in force, the company had direct written premium of \$18.83M – up from \$18.6M in 2021.

**65%**

*of policies are sole practitioners*



**KATHY FISHER**  
VICE PRESIDENT OF  
UNDERWRITING

# Claims

Despite the challenges presented over the past two years, Lawyers Mutual’s Claims Department continued to provide outstanding service to our insureds in 2022. Not only do our experienced claims attorneys assist with claims, but they also help avoid claims and minimize damages through our claims repair program.

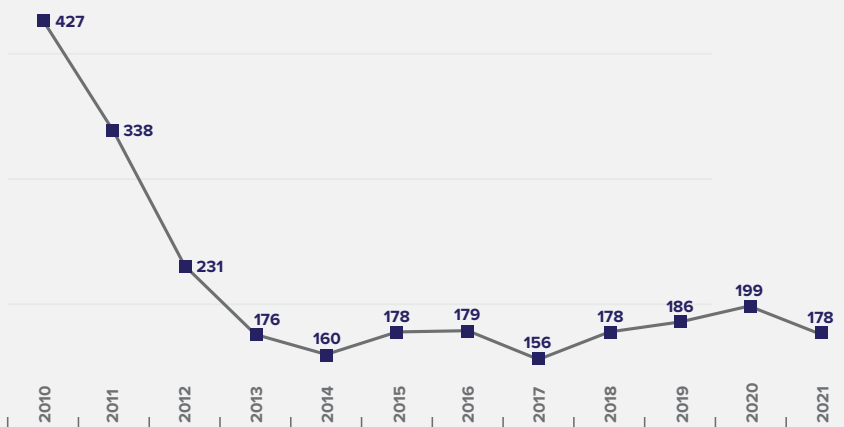
## Key statistics:

- 9% reduction in new claims
- 8% decrease in active, open claims
- The Claims Department also provided policyholders with pre-suit assistance, subpoena assistance, and disciplinary assistance.

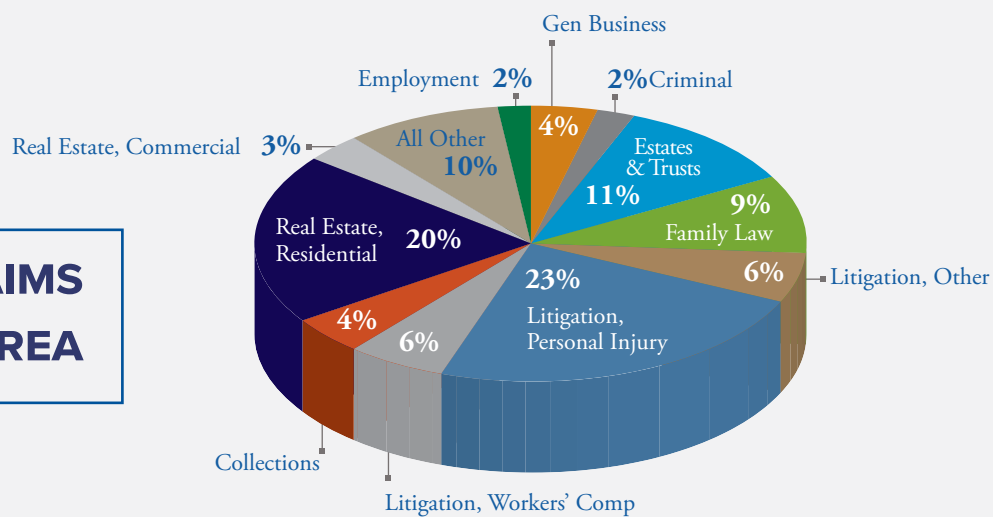


**CLAIRE MODLIN**  
VICE PRESIDENT OF CLAIMS

## REPORTED CLAIMS BY YEAR



## REPORTED CLAIMS BY PRACTICE AREA



# Financials: Policyholders Information

Lawyers Mutual continued to maintain a strong financial position in 2022 despite uncertainties in the market. The Company recorded a 1.10% increase to surplus in 2022, which is a \$1.1m increase in surplus. Our 2022 financial results and strong surplus position allowed us to declare a policyholder dividend of 5.3% of the final premium paid on 2022 policies.



**WILL BATTEN**  
VICE PRESIDENT, FINANCE

## FINANCIALS: STATUTORY STATEMENTS OF INCOME

<b>Years Ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Underwriting Income</b>		
Premiums earned	15,363,124	15,238,378
<b>Underwriting deductions:</b>		
Losses incurred	3,455,851	3,773,304
Loss adjustment expenses incurred	4,530,611	6,295,659
Other underwriting expenses incurred	3,840,295	3,768,949
<b>Total underwriting deductions</b>	<b>11,826,757</b>	<b>13,837,912</b>
<b>Net underwriting gain</b>	<b>3,536,367</b>	<b>1,400,466</b>
<b>Investment income:</b>		
Net investment income earned	5,458,143	4,505,413
Realized capital gains - net of tax ( 2022: (\$195,959); 2021: \$267,340)	(573,544)	318,709
<b>Net investment gain</b>	<b>4,884,599</b>	<b>4,824,122</b>
<b>Other income / (expense):</b>		
Loss from balances charged off	(1,493)	16
Finance and service charges not included in premiums	255,647	248,269
Other income / (expense)	(705)	1,052
<b>Total other income</b>	<b>253,449</b>	<b>249,337</b>
<b>Income before dividends to policyholders and federal income taxes</b>	<b>8,674,415</b>	<b>6,473,925</b>
Dividends to policyholders	973,248	1,002,357
<b>Income before federal income taxes incurred</b>	<b>7,701,167</b>	<b>5,471,568</b>
Federal income taxes incurred	1,655,588	1,014,801
<b>Net income</b>	<b>\$ 6,045,579</b>	<b>\$ 4,456,767</b>



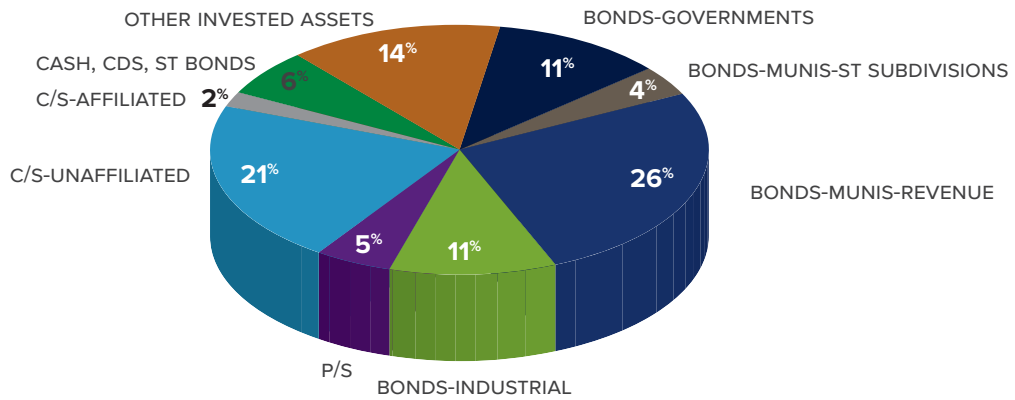
## FINANCIALS:

### ADMITTED ASSETS, LIABILITIES & POLICYHOLDERS' SURPLUS

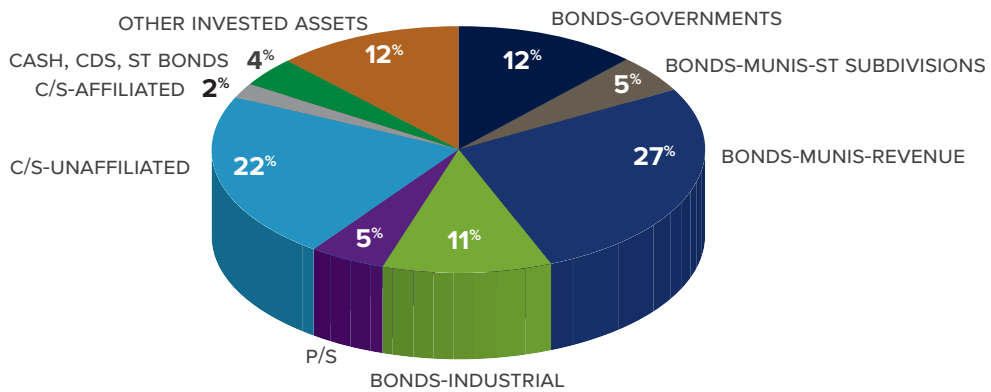
Admitted Assets	As of December 31	
	2022	2021
<b>Cash and investments:</b>		
<i>Bonds</i>	\$ 75,541,369	\$ 73,632,846
<i>Common stocks</i>	31,163,092	34,631,218
<i>Preferred stocks</i>	6,868,992	7,274,374
<i>Cash and short-term investments</i>	7,810,216	5,864,783
<i>Other invested assets</i>	16,469,123	15,952,616
<b>Subtotals, cash and invested assets</b>	<b>137,852,792</b>	<b>137,355,837</b>
<i>Interest and dividend income due and accrued</i>	866,146	778,175
<i>Premiums in course of collection</i>	2,489,292	2,390,897
<i>Current Net Federal income tax recoverable</i>	-	97,910
<i>Deferred Net Federal income tax asset</i>	707,422	-
<i>Receivable from subsidiary</i>	547,594	188,506
<i>Other</i>	90,325	95,116
<b>Total admitted assets</b>	<b>\$ 142,553,571</b>	<b>\$ 140,906,441</b>
<b>Liabilities and Policyholders' Surplus</b>	<b>2022</b>	<b>2021</b>
<b>Liabilities:</b>		
<i>Unpaid losses</i>	10,369,370	10,092,235
<i>Unpaid loss adjustment expenses</i>	14,387,645	14,352,536
<i>Taxes, licenses, fees and other expenses payable</i>	834,614	771,775
<i>Current Federal Income Taxes</i>	87,229	-
<i>Net Deferred Tax Liability</i>	-	199,448
<i>Unearned premiums</i>	7,684,550	7,612,824
<i>Advance premiums</i>	1,210,693	1,204,522
<i>Policyholder dividends declared and unpaid</i>	1,044,173	1,038,331
<i>Ceded reinsurance premiums payable, net of ceding commissions</i>	700,237	669,495
<i>Amounts withheld by company for account of others</i>	2,112,556	2,046,145
<i>Provision for reinsurance</i>	455,099	25,631
<i>Payable for securities</i>	54,640	383,016
<i>Other liabilities</i>	-	25,000
<b>Total liabilities</b>	<b>38,940,806</b>	<b>38,420,958</b>
<b>Policyholders' surplus:</b>		
<i>Total Policyholders' surplus</i>	103,612,765	102,485,483
<b>Total Liabilities and Policyholders' Surplus</b>	<b>\$ 142,553,571</b>	<b>\$ 140,906,441</b>



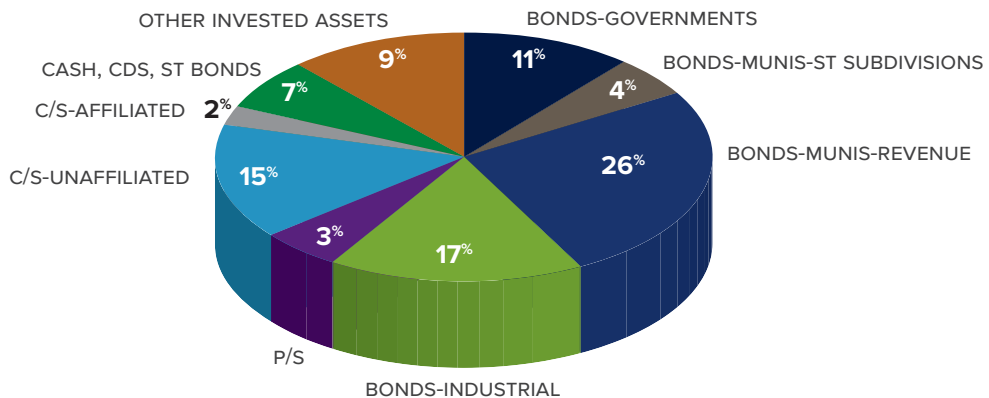
## CASH & INVESTED ASSETS – Fair Value 12.31.2022



## CASH & INVESTED ASSETS – Fair Value 12.31.2021



## CASH & INVESTED ASSETS – Fair Value 12.31.2020



# Board of Directors and Officers

---

## BOARD OF DIRECTORS

**Sharon L. Parker, Chair**

*Sharon L. Parker, P.A.  
Marion*

**John W. Babcock**

*Wall Babcock, LLP  
Winston-Salem*

**June L. Basden**

*Carruthers & Roth, P.A.  
Greensboro*

**Michael A. Colombo**

*Colombo Kitchin  
Greenville*

**Katherine H. Davis**

*Huggins, and Davis & Associates, LLP  
Lumberton*

**Ronald L. Gibson**

*Ruff, Bond, Cobb, Wade & Bethune, LLP  
Charlotte*

**Valerie A. Johnson**

*Johnson & Groninger PLLC  
Durham*

**Angela W. McIlveen**

*McIlveen Family Law Firm  
Gastonia*

**William G. Pappas**

*Parker Poe Adams & Bernstein LLP  
Raleigh*

**Sarah Sparboe Thornburg**

*McGuire, Wood & Bissette  
Asheville*

**G. Gray Wilson**

*Nelson Mullins  
Winston-Salem*

**Ellen P. Wortman**

*Marshall, Williams & Gorham, LLP  
Wilmington*

**John M. May**

*Robbins May & Rich LLP  
Pinehurst*

---

## OFFICERS OF LAWYERS MUTUAL

**Daniel M. Zureich**

*President and CEO*

**Patrick Brown**

*Vice President of Enterprise and Operational Risk Management*

**Kathy Fisher**

*Vice President of Underwriting*

**Claire Modlin**

*Vice President of Claims*

**Will Batten**

*Vice President of Finance*

**William R. Stroud, Jr.**

*Senior Vice President*

---

## LAWYERS MUTUAL SUBSIDIARIES

**Camille Stell**

*President and CEO, Lawyers Mutual Consulting & Services, LLC*

**William R. Stroud, Jr.**

*President, Lawyers Insurance Agency*

**Troy Crawford**

*Managing Counsel, LM Title Agency, LLC*

# Our Subsidiaries:

## LAWYERS INSURANCE AGENCY, LLC

In 2022, Lawyers Insurance Agency reached a new milestone by increasing membership in our Health Plan to all-time high of 9,000 insured lives. The Health Plan has a 99% renewal retention rate. The Agency also experienced 6.3% growth in other lines, with especially strong growth in our Court Bond Program. Also in 2022, an LIA investment account was created.



**WILLIAM STROUD**  
PRESIDENT

## LAWYERS MUTUAL CONSULTING & SERVICES

An exciting LMCS development in 2022 was the expansion of our Leading Law Community to more than 300 members. Our monthly Leading Law Roundtable meetings provide an online forum for discussing industry news and brainstorming solutions for success.

Another 2022 achievement was the successful launch of LMCS Press. LMCS President Camille Stell co-authored and published *Respect: An Insight to Attorney Compensation Plans*. In addition, she remains in high demand nationwide as a speaker and writer.



**CAMILLE STELL**  
PRESIDENT

## LM TITLE AGENCY, LLC

LM Title continued its strong performance in 2022. Our Title Commitment count grew by 8.5%, and our net profit increased. We added a part-time marketer to our staff. We were proud to meet our goal of producing final titles within one week of receipt – an industry-leading standard. Our educational outreach was robust. We offered “Parapalooza” presentations for real estate support staff and online CLE webinars that emphasize technology usage in real estate practices.



**TROY CRAWFORD**  
MANAGING COUNSEL





*Photograph: Emerald Isle, NC*



---

919.677.8900 1.800.662.8843

[www.lawyersmutualinc.com](http://www.lawyersmutualinc.com)

