

ORDER OF ASSESSMENT

By vote of the Board of Directors of Lincoln Mutual Insurance Company (the "Company") on September 7, 2011, the Board makes the following

FINDINGS OF FACT:

1. The Company is required to keep, at all times, a minimum surplus of \$700,000.
2. As of the last reported financial statement, the Company reported a surplus of \$201,125.
3. As a result of a review of the reserves reported at June 30, 2011, by Bartlett Actuarial Group, Ltd., actuaries, Lincoln Mutual's reserves fell just within the low side of acceptable reserves.
4. Reserves should fall within at least the middle range of acceptable reserves as determined by the actuaries.
5. Reflecting the acceptable amount of reserves in the June 30, 2011, statement results in negative surplus of approximately \$9,000.
6. The Company is in violation of N.C.G.S. §58-7-75, for falling below its statutorily required reserves.
7. The Company is in violation of N.C.G.S. §58-13-25(b), in the amount of \$\$391,459.
8. The gross written premiums of the company for the previous year were approximately \$1,900,000.
9. The bylaws and the policies of the Company provide for one assessment per year, in an amount not to exceed the policyholder's annual premium.
10. The Company needs to raise, by assessment, the sum of \$950,000, which can be obtained by levying an assessment on the holder of each policy in an amount equal to fifty percent (50%) of the premium of each policy.

BE IT THEREFORE RESOLVED, that the Company shall hereby assess its policyholders, for each policy, an assessment equaling fifty percent (50%) of the premium for said policy.

ENTERED THIS DATE AND YEAR FIRST ABOVE WRITTEN:

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

Ruth S. Dellinger (SEAL)

Robert H. Anderson (SEAL)

Nelson G. Galt (SEAL)

Harold Linberger (SEAL)

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