



DEPARTMENT OF COMMERCE & INSURANCE

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

ORDER

After full consideration and review of the report of the financial examination of Chariton County Mutual Insurance Company for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director, Missouri Department of Commerce and Insurance pursuant to section 380.491, RSMo, adopt such report. The findings and conclusions of the report are incorporated by reference herein and are deemed to be my findings and conclusions.

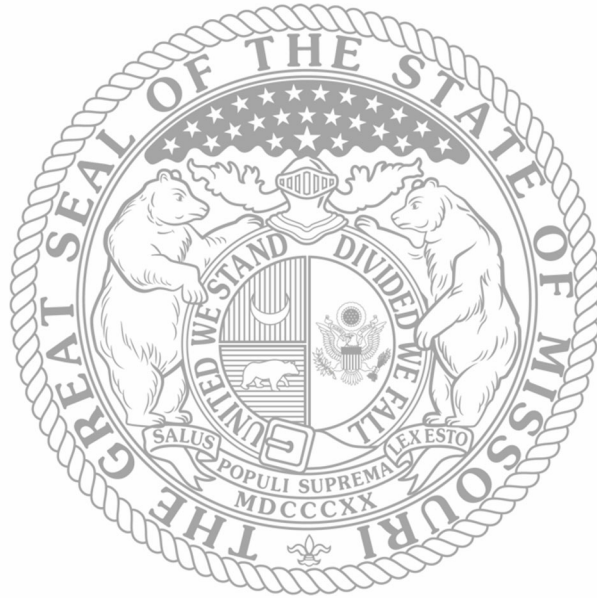
Based on such findings and conclusions, I hereby ORDER Chariton County Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions; and (2) submit a signed copy of the minutes of the meeting which reflect a corporate resolution to the effect the Examination Report has been reviewed and accepted.

So ordered, signed and official seal affixed this 14th day of April, 2025.



A handwritten signature in blue ink that reads "Angela L. Nelson". The signature is written in a cursive style and is positioned above a horizontal line.

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

CHARITON COUNTY MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Mendon, Missouri
January 16, 2025

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

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

Chariton County Mutual Insurance Company

hereinafter referred to as such, or as the Company. Its administrative office is located at 404 Main Street (P.O. Box 26), Mendon, Missouri 64460, telephone number (660) 272-3322. The fieldwork for this examination began on January 13, 2025, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a single-state financial examination of Chariton County Mutual Insurance Company. The last examination of the Company by the Department covered the period of January 1, 2014, through December 31, 2018. The current examination covers the period of January 1, 2019, through December 31, 2023, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

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 or statutes of the state of Missouri prevailed. 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 Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination report includes significant findings of fact and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

The Company was originally organized on August 5, 1895, and was incorporated on October 10, 1895, as Farmers Mutual Fire Insurance Company of Chariton County. On March 30, 2000, the Company changed its name to Chariton County Mutual Insurance Company.

The Company has a Certificate of Authority dated April 1, 1985, and is covered by Sections 380.201 through 380.611 RSMo. (Extended Missouri Mutual Insurance Companies). The Company's Certificate of Authority is renewed annually.

MANAGEMENT AND CONTROL

Board of Directors

In accordance with the Articles of Incorporation, the annual meeting of the Company's members is held on the last Thursday in March at the home office of the Company or at such other place as may be designated by the Board of Directors. Eight members shall constitute a quorum at any membership meeting. Proxy voting is not permitted.

The management of the Company is vested in the Board of Directors, who are elected from the general membership. The Board of Directors consists of nine members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately twelve times per year.

The Board of Directors elected and serving as of December 31, 2023, were as follows:

<u>Name and Address</u>	<u>Occupation</u>
Denny Henke Salisbury, Missouri	Farmer
Duane Leimkuehler Brunswick, Missouri	Farmer
Meredith Manson Brunswick, Missouri	Farmer
Willian Marek Salisbury, Missouri	Self-Employed
Ronald McGilvray Mendon, Missouri	Farmer
Mark Ramsey Salisbury, Missouri	Banker
Paul Speichinger Mendon, Missouri	Farmer
John Summers Triplett, Missouri	Farmer
William Wilkey Salisbury, Missouri	Farmer

Officers

The officers elected and serving, as of December 31, 2023, were as follows:

<u>Name</u>	<u>Office</u>
Ronald McGilvray	President
John Summers	Vice President
Darryl Young	Secretary/Treasurer

Conflict of Interest

The Company has written conflict of interest procedures for the disclosure of material conflicts of interest or affiliations by its directors and officers. The Company's directors and officers sign conflict of interest statements on an annual basis.

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed. The Articles of Incorporation and Bylaws were not amended during the examination period. The minutes of the annual membership meetings and Board of Directors meetings were reviewed for the period under examination.

EMPLOYEE BENEFITS

The Company has three full-time employees. The benefits provided to the employees include health insurance, retirement, profit-sharing, and annual leave.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

The Company is licensed by the Missouri Department of Commerce and Insurance as an Extended Missouri Mutual Insurance Company operating under Sections 380.201 through 380.611 RSMo. (Extended Missouri Mutual Companies). The Company is authorized to write fire, wind, and liability insurance in all counties in the state of Missouri. The Company writes fire, wind, and liability coverages. The Company's policies are sold by one in-house agency and one independent agency.

Policy Forms and Underwriting Practices

The Company utilizes American Association of Insurance Services (AAIS) and Grinnell Mutual Reinsurance Company policy forms. Policies are written on a continuous period. Inspections are performed by the agents. Claim adjusting is performed by the agents or a third party.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's premium writings and writing ratios for the period under examination:

(\$000s omitted)

Year	Admitted Assets	Liabilities	Gross Premiums	Gross Losses	Investment Income (Loss)	Underwriting Income (Loss)	Net Income (Loss)
2023	\$8,426	\$807	\$1,593	\$1,210	\$241	\$(167)	\$166
2022	8,383	907	1,444	802	137	145	387
2021	7,961	777	1,453	584	107	231	487
2020	7,386	688	1,398	507	136	301	568
2019	6,761	647	1,381	517	111	249	459

At year-end 2023, there were 1,134 policies in force.

REINSURANCE**General**

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

(\$000s omitted)

Premium Type	2019	2020	2021	2022	2023
Direct	\$ 1,381	\$ 1,398	\$ 1,453	\$ 1,444	\$ 1,593
Assumed	-	-	-	-	-
Ceded	(263)	(269)	(273)	(277)	(342)
Net Written	\$ 1,118	\$ 1,129	\$ 1,180	\$ 1,167	\$ 1,251

Assumed Reinsurance

The Company does not reinsure other companies.

Ceded Reinsurance

The Company has all of its reinsurance through Grinnell Mutual Reinsurance Company (the Reinsurer) under a single contract with multiple sections covering property and liability risks.

Under the per risk excess of loss section of the agreement, the Company retains \$200,000 per property risk, and the Reinsurer is responsible for the excess, limited to \$15,000,000.

Under the catastrophe excess of loss coverage, the Company retains \$400,000 per occurrence, and the Reinsurer is responsible for 100% of loss in excess of the Company's retention.

Under the aggregate excess of loss section of the agreement, the Reinsurer is liable for 100% of the Company's net losses which exceed the Company's annual aggregate net retention, or attachment point, of \$1,100,000.

For liability risks, the Company cedes 100% to the Reinsurer and receives a 20% ceding commission.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract.

ACCOUNTS AND RECORDS

The accounting records are maintained by the Company on an accrual basis. The firm of Harden, Cummins, Moss & Miller, LLC performs an annual audit of the Company's financial statements, compiles the Annual Statement, and prepares tax filings.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of Chariton County Mutual Insurance Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

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

ASSETS

As of December 31, 2023

Bonds	\$ 3,676,025
Mutual Funds	723,303
Real Estate	22,054
Cash on Deposit	3,799,613
Other Investments	167,069
Interest Due and Accrued	34,827
Prepaid Insurance	2,619
TOTAL ASSETS	\$ 8,425,510

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Unpaid Losses	\$ 102,780
Ceded Reinsurance Premium Payable	31,191
Unearned Premium	624,367
Federal Income Tax Payable	4,236
Payroll Tax	1,003
Accounts Payable (Other)	1,190
Accrued Compensated Absences	31,971
Profit Sharing Payable	10,000
TOTAL LIABILITIES	806,738
Guaranty Fund	150,000
Other Surplus	7,468,772
TOTAL POLICYHOLDER SURPLUS	\$ 7,618,772
TOTAL LIABILITIES AND SURPLUS	\$ 8,425,510

STATEMENT OF INCOME

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 1,191,902
Other Insurance Income	2,932
Net Losses & Loss Adjustment Expense	(1,063,405)
Underwriting Expenses	(298,630)
Underwriting Income (Loss)	\$ (167,201)
Investment Income	241,449
Investment Expenses	-
Net Investment Gain (Loss)	\$ 241,449
Other Income	118,987
Gross Profit or Loss	\$ 193,235
Federal Income Tax	(27,706)
NET INCOME (LOSS)	\$ 165,529

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2019 to December 31, 2023

	2019	2020	2021	2022	2023
Beginning Policyholder's Surplus	\$ 5,598,128	\$ 6,114,195	\$ 6,698,244	\$ 7,184,438	\$ 7,476,015
Net Income (Loss)	458,983	568,404	487,425	387,150	165,529
Mutual Fund Adjustment	57,084	15,645	(1,231)	(95,573)	(22,772)
Ending Policyholder's Surplus	\$ 6,114,195	6,698,244	7,184,438	7,476,015	7,618,772

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

None.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Chariton County Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Conner Nilges, CFE, 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 Chariton County Mutual Insurance 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.

Conner Nilges

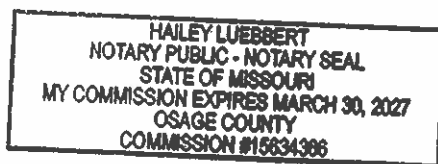
Conner Nilges, CFE
Certified Examiner
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 26th day of February, 2025.

My commission expires:

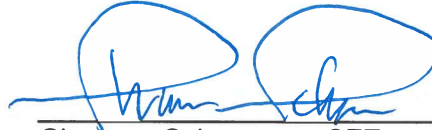
March 30, 2027

Hailey Luebert
Notary Public



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 NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



Shannon Schmoeger, CFE
Chief Examiner
Missouri Department of Commerce and
Insurance