

# STATE OF MISSOURI



## 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 Main Street Mutual Insurance Company, Inc. 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.

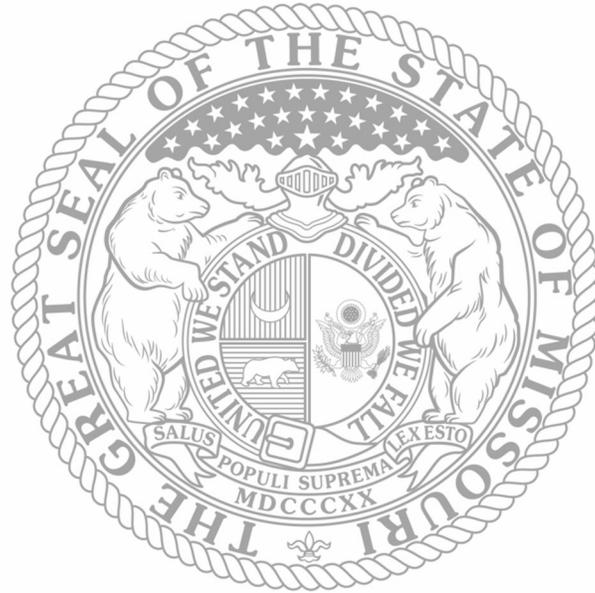
Based on such findings and conclusions, I hereby ORDER Main Street Mutual Insurance Company, Inc. to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition 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 22nd day of May, 2025.



A handwritten signature in blue ink that reads "Angela L. Nelson".

Angela L. Nelson, Director  
Department of Commerce and Insurance



REPORT OF  
FINANCIAL EXAMINATION OF

# MAIN STREET MUTUAL INSURANCE COMPANY, INC.

AS OF  
DECEMBER 31, 2023

STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Cole Camp, Missouri  
February 14, 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

**Main Street Mutual Insurance Company, Inc.**

hereinafter referred to as such, or as the Company. Its administrative office is located at 206 West Main Street (P.O. Box 157), Cole Camp, Missouri 65325, telephone number (660) 668-2445. The fieldwork for this examination began on February 3, 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 Main Street Mutual Insurance, Inc. 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 are 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 October 8, 1878, as Farmer's Home Association of Morgan, Benton and Adjoining Counties and was incorporated on August 4, 1953. On July 1, 1990, the Company changed its name to Farmers Mutual Insurance Company of Cole Camp, Inc. On March 10, 2018, the Company changed its name to Main Street Mutual Insurance Company, Inc.

The Company has a Certificate of Authority dated May 17, 2018, 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 second Saturday in March at the home office of the Company or at such other place as may be designated by the Board of Directors. 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 seven members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately four 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>
Greg Bahrenburg Mora, Missouri	Farmer
Lisa Kaiser Cole Camp, Missouri	Retired Social Worker
Rusty Harms Cole Camp, Missouri	Electrician
Jean Hesse Cole Camp, Missouri	Retired Loan Officer
Linda Hesse Cole Camp, Missouri	Farmer
Bruce Huffman Sedalia, Missouri	Maintenance Technician
Carlisle Walker Sunrise Beach, Missouri	Retired Deputy Sheriff

**Officers**

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

<b><u>Name</u></b>	<b><u>Office</u></b>
Carlisle Walker	President
Jean Hesse	Vice President
Karen Knox	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 annual leave, health insurance, and retirement.

**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 captive agency and one independent agency.

**Policy Forms and Underwriting Practices**

The Company utilizes Grinnell Mutual Reinsurance Company (the Reinsurer) policy forms. Policies are written on a continuous period. Inspections are performed by a third party. Claim adjusting is performed by the Reinsurer.

**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	\$7,221	\$940	\$2,281	\$ 868	\$176	\$ 166	\$ 329
2022	6,991	1,051	2,224	688	77	374	458
2021	6,592	1,001	2,078	623	73	241	309
2020	6,051	774	1,916	1,062	83	84	172
2019	5,855	778	1,793	509	89	45	129

At year-end 2023, there were 2,118 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	\$ 1,793	\$ 1,916	\$ 2,078	\$ 2,224	\$ 2,281
Assumed	-	-	-	-	-
Ceded	(405)	(444)	(453)	(472)	(561)
<b>Net Written</b>	<b>\$ 1,388</b>	<b>\$ 1,472</b>	<b>\$ 1,625</b>	<b>\$ 1,752</b>	<b>\$ 1,720</b>

**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 \$150,000 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. An earthquake addendum has been added to the contract in which the Reinsurer is responsible for 100% of losses from an earthquake.

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 \$1,300,000.

For liability and equipment breakdown 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 Main Street Mutual Insurance Company, Inc. 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	\$ 869,012
Mutual Funds	746,701
Real Estate	177,371
Cash on Deposit	5,400,087
Computer Equipment	690
Interest Due and Accrued	20,543
Deferred Tax Benefit	6,178
<b>TOTAL ASSETS</b>	<b><u><u>\$ 7,220,582</u></u></b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2023

Unpaid Losses	\$ 35,737
Ceded Reinsurance Premium Payable	52,095
Unearned Premium	801,017
Federal Income Tax Payable	21,607
Payroll Tax	137
Accounts Payable to Agents	19,869
Accounts Payable (Other)	9,940
<b>TOTAL LIABILITIES</b>	<b><u>940,402</u></b>
Guaranty Fund	150,000
Other Surplus	6,130,180
<b>TOTAL POLICYHOLDER SURPLUS</b>	<b><u>\$ 6,280,180</u></b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b><u><u>\$ 7,220,582</u></u></b>

**STATEMENT OF INCOME**

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 1,701,577
Other Insurance Income	69,334
Net Losses & Loss Adjustment Expense	(836,865)
Underwriting Expenses	(767,877)
<b>Underwriting Income (Loss)</b>	<b>\$ 166,169</b>
Investment Income	176,336
Investment Expenses	-
<b>Net Investment Gain (Loss)</b>	<b>\$ 176,336</b>
Other Income	25,919
<b>Gross Profit or Loss</b>	<b>\$ 368,424</b>
Federal Income Tax	(39,516)
<b>NET INCOME (LOSS)</b>	<b>\$ 328,908</b>

**RECONCILIATION OF CAPITAL AND SURPLUS**

Changes from January 1, 2019 to December 31, 2023

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Beginning Policyholder's Surplus	\$ 4,930,049	\$ 5,077,563	\$ 5,277,037	\$ 5,590,866	\$ 5,940,601
Net Income (Loss)	129,402	172,396	308,885	457,710	328,908
Mutual Fund Adjustment	18,112	27,078	4,944	(107,975)	10,671
<b>Ending Policyholder's Surplus</b>	<b>\$ 5,077,563</b>	<b>5,277,037</b>	<b>5,590,866</b>	<b>5,940,601</b>	<b>6,280,180</b>

**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 Main Street Mutual Insurance Company, Inc. during the course of this examination is hereby acknowledged and appreciated.

**VERIFICATION**

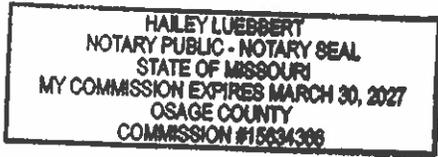
State of Missouri            )  
  )    ss  
County of Cole                )

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 Main Street Mutual Insurance Company, Inc. 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 24<sup>th</sup> day of March, 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.



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