



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 Monroe County Farmers Mutual Insurance Company for the period ended December 31, 2022, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Mick Campbell, Acting 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.

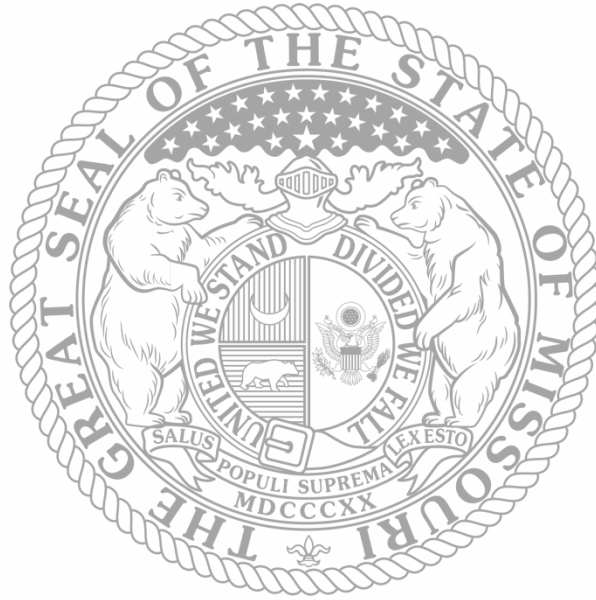
Based on such findings and conclusions, I hereby ORDER Monroe County Farmers Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition 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 24th day of February, 2025.



A handwritten signature in blue ink, appearing to read "Mick Campbell", is written over a horizontal line.

Mick Campbell, Acting Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

MONROE COUNTY FARMERS MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2022

**STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE**

JEFFERSON CITY, MISSOURI

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Paris, Missouri
January 5, 2025

Honorable Mick Campbell, Acting Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Acting Director Campbell:

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

Monroe County Farmers Mutual Insurance Company

hereinafter referred to as such, or as the Company. Its administrative office is located at 125 West Monroe Street, Paris, Missouri 65275, telephone number (660) 327-5203. The fieldwork for this examination began on March 27, 2024, 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 Monroe County Farmers Mutual Insurance Company. The last examination of the Company by the Department covered the period of January 1, 2013, through December 31, 2017. The current examination covers the period of January 1, 2018, through December 31, 2022, 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 and incorporated on April 22, 1892, as the Farmers' and Laborers' Co-operative Insurance Association of Monroe County, Missouri. In 1972, the Company changed its name to Monroe County Farmers Mutual Insurance Company.

The Company has a Certificate of Authority dated June 24, 2005, 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.

The Company amended its Articles of Incorporation and By-laws on August 25, 2020, to convert from an assessable to a non-assessable (premiums) mutual.

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 fourth Tuesday in February at the home office of the Company, or at such other place as may be designated by the Board of Directors. Special meetings of the members may be called by the Board of Directors at any time. Ten members constitute a quorum, and proxy voting is 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 that serve staggered three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately every quarter.

Members serving on the Board of Directors as of December 31, 2022, were as follows:

<u>Name and Address</u>	<u>Occupation</u>
Jason Dodge Paris, Missouri	Business Owner
Lisa Minor Stoutsville, Missouri	Business Owner
Aaron Whelan Stoutsville, Missouri	Farmer
Dane Kendrick Paris, Missouri	Retired/Farmer
Mandy Bish Columbia, Missouri	Medical Professional
Ronnie James Paris, Missouri	Farmer
Danny Tanzey Paris, Missouri	Retired

Officers

The officers elected and serving, as of December 31, 2022, were as follows:

<u>Name</u>	<u>Office</u>
Jason Dodge	President
Lisa Minor	Vice President
Jennifer Gruber	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 the Bylaws were amended in 2020 to convert to a non-assessable company, as noted in the Company History section of this report. The minutes of the annual membership meetings and Board of Directors meetings were reviewed for the period under examination.

EMPLOYEE BENEFITS

The Company has two full-time employees. The Company provides health and life insurance, as well as paid time off to its full-time employees.

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a fidelity bond providing a limit of liability of \$75,000. The fidelity bond coverage meets the minimum amount suggested in the guidelines promulgated by the NAIC.

The Company carries liability coverage for its directors and officers. The Company utilizes an independent agent, who is required to obtain errors and omissions coverage and provide evidence of such coverage to the Company.

The Company carries a business owner's policy, which provides property coverage for the home office building and contents, as well as general liability protection.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

The Company is licensed by the Missouri Department of Insurance as an Extended Missouri Mutual 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's policies are sold exclusively by one licensed agent, who receives a 15% commission.

Policy Forms and Underwriting Practices

The Company utilizes AAIS policy forms. Policies are written on a one-year term. Renewal billings are mailed directly to the insured. Property inspections are performed by the writing agent for new policies. Renewal inspections and claims adjusting are performed by the firm of Wickizer & Clutter, Inc. Rates are determined by the Board of Directors.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's growth and loss experience for the period under examination:

(\$000s omitted)

Year	Admitted Assets	Liabilities	Gross Premiums	Gross Losses	Investment Income (Loss)	Underwriting Income (Loss)	Net Income (Loss)
2022	\$4,236	\$872	\$1,339	\$716	\$(11)	\$(195)	\$(197)
2021	3,859	642	1,300	678	97	(205)	(100)
2020	4,125	94	1,178	337	89	239	282
2019	3,831	105	1,104	607	72	(61)	9
2018	3,549	133	1,108	326	42	(120)	(71)

At year-end 2022, there were 1,618 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	2018	2019	2020	2021	2022
Direct	\$1,054	\$1,104	\$1,178	\$1,300	\$1,339
Assumed	-	-	-	-	-
Ceded	(241)	(257)	(304)	(313)	(311)
Net Written	\$813	\$847	\$874	\$987	\$1,028

Assumed Reinsurance

The Company does not assume any reinsurance from other companies.

Ceded Reinsurance

The Company has a reinsurance contract with Wisconsin Reinsurance Corporation (WRC) that includes per risk, aggregate excess of loss, earthquake, and casualty quota share coverage. Under the per risk section of the agreement, the Company retains \$50,000 for each property loss, and WRC is liable for the excess of up to \$1 million in total loss per exposure.

The aggregate excess section covers 100% of losses incurred during the year that exceed the Company's aggregate attachment point, which is equal to 70% of net written premium.

The Company cedes 100% of the risk and premiums to WRC under earthquake reinsurance and receives a 15% ceding commission. The Company cedes 100% of the risk and premiums to WRC under casualty quota share reinsurance and receives a 25% ceding commission.

ACCOUNTS AND RECORDS

The accounting records are maintained by the Company on a modified cash basis. The CPA firm of Ven De Van, LLC, 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 Monroe County Farmers Mutual Insurance Company for the period ending December 31, 2022. 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, 2022

Bonds	\$ 1,889,762
Stocks	23,488
Mutual Funds	389,470
Real Estate	17,156
Cash on Deposit	1,732,664
Reinsurance Recoverable on Paid Losses	141,840
Computer Equipment	1,625
Federal Income Tax Recoverable	6,360
Interest Due and Accrued	30,774
Asset Write-ins	2,700
TOTAL ASSETS	\$ 4,235,839

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2022

Gross Losses Unpaid	\$ 283,434
Gross Loss Adjustment Expense Unpaid	1,074
Ceded Reinsurance Premium Payable	21,366
Unearned Premium	563,920
Payroll Tax	2,098
TOTAL LIABILITIES	\$ 871,892
Guaranty Fund	150,000
Other Surplus	3,213,947
TOTAL POLICYHOLDER SURPLUS	\$ 3,363,947
TOTAL LIABILITIES AND SURPLUS	\$ 4,235,839

STATEMENT OF INCOME

For the Year Ended December 31, 2022

Net Earned Assessment/Premium Income	\$	848,715
Other Insurance Income		30,615
Net Losses & Loss Adjustment Expense		(664,901)
Underwriting Expenses		(409,816)
Underwriting Income (Loss)	\$	(195,387)
Investment Income		(5,437)
Investment Expenses		(5,617)
Net Investment Gain (Loss)	\$	(11,054)
Other Income		9,449
Gross Profit or Loss	\$	(196,992)
Federal Income Tax		0
NET INCOME (LOSS)	\$	(196,992)

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2018 to December 31, 2022

(\$000s omitted)

	2018	2019	2020	2021	2022
Beginning Policyholder's Surplus	\$ 3,520	\$ 3,416	\$ 3,725	\$ 3,667	\$ 3,216
Net Income (Loss)	(9)	9	347	(100)	(197)
Unrealized Gain (Loss)	(75)	69	23	2	(8)
Non-admitted Mutual Funds Adjustment	(20)	231	0	(353)	353
Unearned Premiums Adjustment	0	0	(428)	0	0
Ending Policyholder's Surplus	\$ 3,416	\$ 3,725	\$ 3,667	\$ 3,216	\$ 3,364

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 Monroe County Farmers Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Ken Tang, 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 Monroe County Farmers 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.



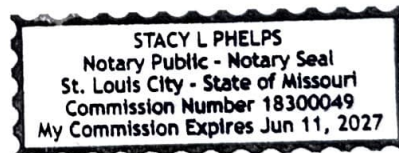
Ken Tang, CFE
Certified Examiner
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 16th day of Jan, 2025.

My commission expires:

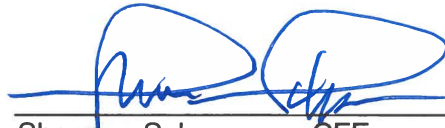
06/11/2027 

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 Financial Examiner
Missouri Department of Commerce and
Insurance