

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 Patrons and Farmers Mutual of Missouri 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.

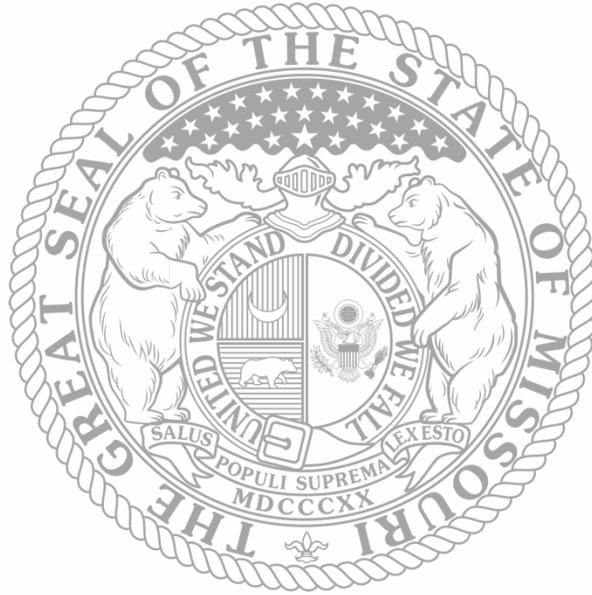
Based on such findings and conclusions, I hereby ORDER Patrons and Farmers Mutual of Missouri to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition and 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

PATRONS AND FARMERS MUTUAL OF MISSOURI

AS OF
DECEMBER 31, 2023

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

JEFFERSON CITY, MISSOURI

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Harrisonville, Missouri
April 9, 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

PATRONS AND FARMERS MUTUAL OF MISSOURI

hereinafter referred to as such, or as the Company. Its administrative office is located at 1003 W. Mechanic, Harrisonville, Missouri 64701, telephone number (816) 380-4241. The fieldwork for this examination began on April 8, 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 the Patrons & Farmers Mutual of Missouri. 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 in 1877 and incorporated on January 30, 1896, as Patrons and Farmers Mutual Fire Insurance Company of Cass County. Effective August 21, 2006, the Company merged with Farmer's Mutual Insurance Company of Lee's Summit. The surviving Company's name was changed to Patrons and Farmers Mutual of Missouri.

The Company has a Certificate of Authority dated June 9, 2008, and is covered by Sections 380.201 through 380.601 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 first Wednesday in April at the home office of the Company. Special meetings of the members shall be called by either the President or Chairman of the Board. Eight members represented shall constitute a quorum at any membership meeting.

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 up to nine members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets monthly.

Members serving on the Board of Directors as of December 31, 2023, were as follows:

<u>Name and Address</u>	<u>Occupation</u>
Thomas Fordyce Harrisonville, Missouri	Self Employed
Victor Shipley Drexel, Missouri	Retired
Gabriel Sweitzer Harrisonville, Missouri	Bank Executive
Larry Duncan Freemen, Missouri	Insurance Agent & Farmer
Everett Helms Creighton, Missouri	Insurance Agent & Farmer
Blake Owens Peculiar, Missouri	Auto Shop Service Manager
Craig Jones Pleasant Hill, Missouri	Insurance Agent
Kevin Buerge Garden City, Missouri	Retired
John Southard Raymore, Missouri	Insurance Agent

Officers

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

<u>Name</u>	<u>Office</u>
Gabriel Sweitzer	President
Larry Duncan	Vice President
Spencer Morriss	Secretary
Kevin Buerge	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 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 five full-time employees and one part-time employee. Employee benefits provided by the Company include health insurance and paid time off.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

The Company is licensed by the Department as an Extended Missouri Mutual Insurance Company operating under Sections 380.201 through 380.601 RSMo.

The Company is authorized to write fire, wind, and liability in all counties in the State of Missouri. The Company writes fire, wind, and liability coverages. The Company’s policies are sold by 39 licensed agencies. Agents receive a 15% commission on all new and renewal business written, except for commercial liability and inland marine lines, which have a 6% commission rate.

Policy Forms and Underwriting Practices

The Company uses American Association of Insurance Services (AAIS) policy forms, as well as some approved forms developed by the Company. The policies are written on a continuous period and renewed annually, with rates determined by the Board of Directors. Renewal billings are mailed directly to the insured. Property inspections and claims adjusting are performed by independent property inspection and adjusting firms.

GROWTH OF COMPANY AND LOSS EXPERIENCE

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

(000's omitted)

Year	Admitted Assets	Liabilities	Gross Premiums	Gross Losses	Investment Income (Loss)	Underwriting Income (Loss)	Net Income (Loss)
2023	\$2,980	\$1,865	\$3,452	\$1,947	\$(21)	\$(315)	\$(337)
2022	3,219	1,764	2,987	1,887	2	(154)	(151)
2021	3,416	1,452	2,703	1,115	59	192	199
2020	2,876	1,221	2,589	1,329	47	101	163
2019	2,538	1,087	2,524	1,246	49	493	507

At year-end 2023, there were 2,718 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:

(000's omitted)

Premium Type	2019	2020	2021	2022	2023
Direct	\$2,524	\$2,589	\$2,703	\$2,987	\$3,452
Assumed	-	-	-	-	-
Ceded	(502)	(691)	(675)	(773)	(957)
Net Written	\$ 2,022	\$ 1,898	\$ 2,029	\$ 2,214	\$ 2,495

Assumed Reinsurance

The Company does not reinsure other companies.

Ceded Reinsurance

The Company's property and liability reinsurance program is placed by broker Somerset Reinsurance Brokers with various reinsurers (the reinsurer) and includes multi-line excess of loss, property catastrophe protection, and whole stop loss protection.

The multi-line excess of loss contract covers both property and liability risks. Under the property coverage, the Company retains \$150,000 per loss, and the reinsurer's limit is \$600,000. Under the liability coverage, the Company retains \$100,000 per loss, and the reinsurer's limit is \$900,000.

Under the property catastrophe contract, the company retains \$750,000 for each loss occurrence, and the reinsurer's limit is \$2,250,000.

Under the whole account stop-loss agreement, the reinsurer is liable for 100% of the aggregate ultimate net losses which exceed 73% of Company's gross net earned premium income. The reinsurer's limit is \$2,000,000.

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

ACCOUNTS AND RECORDS

The accounting records are maintained by the Company on an accrual basis. The CPA firm of Marr and Company, P.C., of Kansas City, Missouri, performs quarterly and annual financial statement compilations and prepares the annual statement and 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 the Patrons and Farmers Mutual of Missouri 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	\$ 2,188,801
Real Estate	41,044
Cash on Deposit	571,599
Reinsurance Recoverable on Paid Losses	92,448
Computer Equipment	3,968
Interest Due and Accrued	14,531
Prepaid Federal Income Tax	52,240
Reinsurance Premium Receivable	15,813
TOTAL ASSETS	<u>\$ 2,980,444</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Gross Losses Unpaid	\$ 185,357
Unearned Premium	1,652,390
Premium Tax Payable	27,492
TOTAL LIABILITIES	<u>\$ 1,865,239</u>
Guaranty Fund	150,000
Other Surplus	965,205
TOTAL POLICYHOLDER SURPLUS	<u>\$ 1,115,205</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$ 2,980,444</u>

STATEMENT OF INCOME
For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$	2,248,577
Other Insurance Income		296,984
Net Losses & Loss Adjustment Expense		(1,679,674)
Underwriting Expenses		(1,181,316)
Underwriting Income (Loss)	\$	(315,429)
Investment Income		(21,090)
Investment Expenses		-
Interest Expenses		-
Net Investment Gain (Loss)	\$	(21,090)
Other Income		-
Gross Profit or Loss	\$	(336,519)
Federal Income Tax		-
NET INCOME (LOSS)	\$	(336,519)

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2019, to December 31, 2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Beginning Policyholder's Surplus	\$ 743	\$ 1,237	\$ 1,371	\$ 1,602	\$ 1,455
Net Income (Loss)	507	163	200	(151)	(337)
Change in Unrealized Gains (Losses)	(13)	(28)	31	5	(3)
Ending Policyholder's Surplus	\$ 1,237	\$ 1,371	\$ 1,602	\$ 1,455	\$ 1,115

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

None.

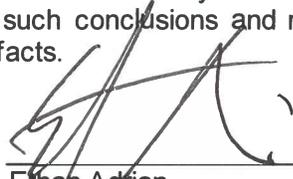
ACKNOWLEDGMENT

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

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Ethan Adrian, 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 Farmers Mutual Insurance Company of Pettis County, 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.

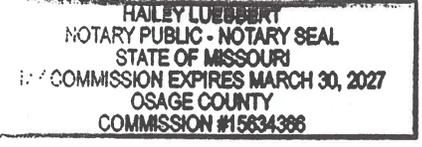


Ethan Adrian
Financial Examiner
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 9th day of April, 2025.

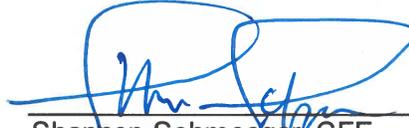
My commission expires: March 30, 2027 

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 Examiner
Missouri Department of Commerce and
Insurance