

# 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 Texas 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.

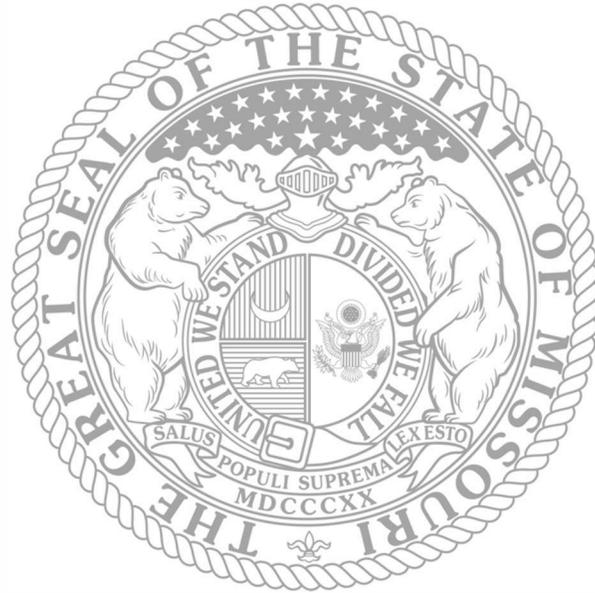
Based on such findings and conclusions, I hereby ORDER Texas County Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition and 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 16<sup>th</sup> day of June, 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

# TEXAS COUNTY MUTUAL INSURANCE COMPANY

AS OF  
DECEMBER 31, 2023

STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Licking, MO  
May 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

### **TEXAS COUNTY MUTUAL INSURANCE COMPANY**

hereinafter referred to as such, or as the Company. Its administrative office is located at 117 South Main Street, Licking, Missouri, 65542, telephone number (573) 674-3125. 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 Texas 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, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) 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 May 30, 1904, as Texas County Farmers Mutual Fire and Lightning Insurance Company and was incorporated on June 4, 1904. On January 12, 1985, the Company changed its name to Texas County Mutual Insurance Company.

The Company has a Certificate of Authority dated May 25, 2004, 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 Tuesday in March of each year at the home office of the Company. Special meetings of the members shall be called by the Board of Directors at any time or by petition of one fourth of the members. Eight members represented shall constitute a quorum at any membership meeting.

The management of the Company is vested in a Board of Directors that are elected from the general membership. The Board of Directors consists of up to five members, serving staggered three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately four times per year.

#### Name and Address

David Branson  
Houston, Missouri

Julie Moore  
Houston, Missouri

Joey Moore  
Houston, Missouri

Roger Haney  
Houston, Missouri

Christina Brunkhorst  
Licking, Missouri

#### Occupation

Agent

Insurance Agency Owner/Agent

Probation Officer

Retired Farmer

Underwriter

### Officers

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

#### Name

David Branson  
Julie Moore  
Christina Brunkhorst

#### Office

President  
Vice President  
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**

A review was made of the Articles of Incorporation and the Bylaws of the Company. No amendments were made 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. The benefits package offered by the Company to its employees includes health insurance, life insurance, IRA contributions, 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 380.591 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 thirty-two licensed agencies, who receive a commission of 15% on new business and 12% on renewals.

**Policy Forms and Underwriting Practices**

The Company uses MAMIC, Grinnell, and AAIS insurance forms. 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. Inspections are performed by Bradley Wallace, who is a Company employee. The Company contracts Grinnell to perform the claims adjusting.

**GROWTH OF COMPANY AND LOSS EXPERIENCE**

The table below summarizes the Company's growth and loss experience during the examination period.

<b>Year</b>	<b>Admitted Assets</b>	<b>Liabilities</b>	<b>Gross Premiums</b>	<b>Gross Losses</b>	<b>Investment Income (Loss)</b>	<b>Underwriting Income (Loss)</b>	<b>Net Income (Loss)</b>
2023	\$3,761,356	\$1,271,589	\$3,241,184	\$1,376,951	\$104,515	\$ (92,388)	\$ (87)
2022	3,665,120	1,184,877	2,770,608	716,136	55,860	344,793	393,367
2021	3,221,707	1,087,084	2,631,392	1,026,895	9,717	109,852	94,919
2020	2,938,634	899,946	2,515,826	1,716,680	32,676	(258,735)	(152,530)
2019	3,087,723	956,279	2,564,756	1,598,906	87,194	(254,083)	(165,403)

## 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)*

<b>Premium Type</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Direct	\$ 2,565	\$ 2,516	\$ 2,631	\$ 2,771	\$ 3,241
Assumed					
Ceded	(804)	(837)	(833)	(851)	(1,063)
<b>Net Written</b>	<b>\$ 1,761</b>	<b>\$ 1,679</b>	<b>\$ 1,798</b>	<b>\$ 1,920</b>	<b>\$ 2,178</b>

### Assumed Reinsurance

The Company does not reinsure other companies.

### Ceded Reinsurance

The Company cedes business to Grinnell Mutual Reinsurance Company (the reinsurer) through a reinsurance agreement that provides per risk excess of loss, catastrophe excess of loss, and aggregate excess coverage for property risks, as well as quote share coverage for liability exposures.

Under the per-risk excess of loss section of the agreement, the Company retains \$100,000 of property losses per risk, and the reinsurer's maximum limit is \$15,000,000 per risk. Under the property catastrophe excess of loss section, the Company retains the first \$500,000 of ultimate net losses per occurrence, and the reinsurer is responsible for 100% of the losses in excess of the Company's retention. Under the aggregate excess section of the agreement, the reinsurer is liable for 100% of the property losses in excess of the Company's annual retention, which is \$1,500,000 for 2023.

The agreement also provides liability reinsurance coverage. The Company cedes 100% of its liability premium and losses to the reinsurer and receives a 20% ceding commission. The reinsurer's maximum liability limit is \$1,000,000 per occurrence except for farmowners liability policies, where the reinsurer's maximum liability limit is \$2,000,000 per occurrence.

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

FarMutual Insurance Services, LLC performs the compilation and completion of the annual statement and prepares the federal income tax and premium 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 Texas 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	\$ 2,833,802
Mutual Funds	413,911
Real Estate	81,492
Cash on Deposit	351,124
Computer Equipment	8,334
Federal Income Tax Recoverable	67,500
Contingent Commission	5,193
<b>TOTAL ASSETS</b>	<b><u>\$ 3,761,358</u></b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2023

Unpaid Losses	\$ 20,000
Loss Adjusting Expense Unpaid	4,800
Ceded Reinsurance Premium Payable	171,782
Unearned Premium	1,045,302
Accounts Payable to Agents	12,920
Accounts Payable (Other)	4,478
Amounts Withheld for Accounts of Others	370
Federal Unemployment Tax	252
Accrued Sick/Vacation	6,715
Premium Tax Payable	1,530
Unpaid Salaries	3,440
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,271,589</u></b>
Guaranty Fund	150,000
Other Surplus	2,339,769
<b>TOTAL POLICYHOLDER SURPLUS</b>	<b><u>\$ 2,489,769</u></b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b><u>\$ 3,761,358</u></b>

**STATEMENT OF INCOME**

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 2,063,682
Other Insurance Income	49,876
Net Losses & Loss Adjustment Expense	(1,334,022)
Underwriting Expenses	(871,924)
<b>Underwriting Income (Loss)</b>	<b>\$ (92,388)</b>
Investment Income	104,515
Investment Expenses	-
Interest Expenses	-
<b>Net Investment Gain (Loss)</b>	<b>\$ 104,515</b>
Other Income	4,950
<b>Gross Profit or Loss</b>	<b>\$ 17,077</b>
Federal Income Tax	(17,164)
<b>NET INCOME (LOSS)</b>	<b>\$ (87)</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	\$ 2,263	\$ 2,132	\$ 2,039	\$ 2,135	\$ 2,480
Net Income (Loss)	(165)	(153)	95	393	-
Change in Unrealized Gains (Losses)	34	60	1	(48)	10
<b>Ending Policyholder's Surplus</b>	<b>\$ 2,132</b>	<b>\$ 2,039</b>	<b>\$ 2,135</b>	<b>\$ 2,480</b>	<b>\$ 2,490</b>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

None.

**FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION**

None.

**SUMMARY OF RECOMMENDATIONS**

None.

**SUBSEQUENT EVENTS**

None



**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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Michael R. Shadowens, CFE  
Assistant Chief Examiner  
Missouri Department of Commerce and  
Insurance