

# 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 United 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.

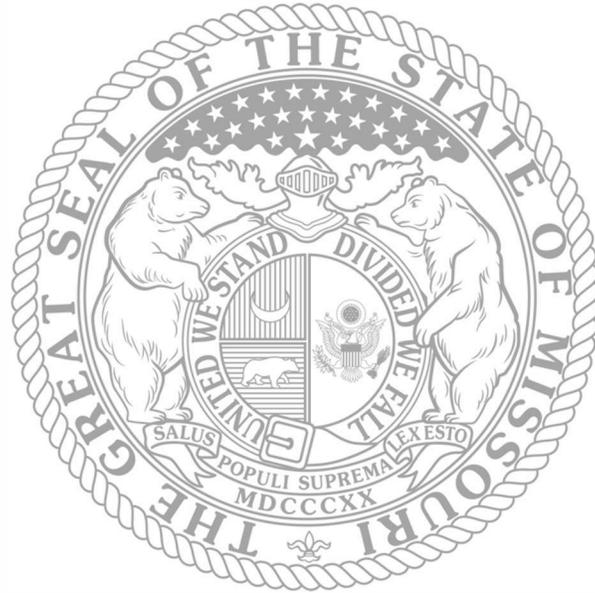
Based on such findings and conclusions, I hereby ORDER United Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition and affairs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

# UNITED MUTUAL INSURANCE COMPANY

AS OF  
DECEMBER 31, 2023

STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Washington, 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

### **UNITED MUTUAL INSURANCE COMPANY**

hereinafter referred to as such, or as the Company. Its administrative office is located at 113 Elm Street, Washington, Missouri, 63090, telephone number (636) 239-6047. The fieldwork for this examination began on April 1, 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 United 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 organized in June of 1895 as Farmers Mutual Fire Insurance Company of St. Johns and was incorporated on July 1, 1949. The Company later changed its name to St. Johns Mutual Insurance Company. Recent name changes and merger history are described below:

- On January 1, 2004, the Company, known at that time as St. Johns Mutual Insurance Company, merged with two other mutual insurers, Farmers Mutual Insurance Company of Jefferson County and Missouri River Mutual Insurance Company, with the Company being the surviving entity. The Company was renamed United Mutual Insurance Company at that time.
- On January 1, 2005, the Company merged with Tipton Mutual Insurance Company, with United Mutual Insurance Company being the surviving entity.
- On January 1, 2006, the Company merged with Chamois Mutual, with United Mutual Insurance Company being the surviving company.
- On January 1, 2013, the Company merged with Century Mutual Insurance Company, with United Mutual Insurance Company being the surviving entity.

The Company has a Certificate of Authority dated January 30, 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 third Saturday 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 nine members, serving staggered three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately six times per year.

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

<b><u>Name and Address</u></b>	<b><u>Occupation</u></b>
Dan Yoest Washington, Missouri	Retired Agent
Burt Schweissguth Marthasville, Missouri	Retired Businessowner
Tom Hoerstkamp New Haven, Missouri	Retired Businessowner
Joy Haeffner Hermann, Missouri	Retired Investment Broker

Nathan Deppe Washington, Missouri	Farmer
Jennifer Giesike Washington, Missouri	President, Chamber of Commerce
Dennis Huhmann Tipton, Missouri	Health & Safety Supervisor
Donald Peters Washington, Missouri	Retired Building Inspector
Wayne Trachsel Chamois, Missouri	Farmer

**Officers**

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

<b><u>Name</u></b>	<b><u>Office</u></b>
Dan Yoest	President
Burt Schweissguth	Vice President
Tom Hoerstkamp	Secretary
Joy Haeffner	Treasurer

**Conflict of Interest**

The Company has written conflict of interest procedures for the disclosure of material conflicts of interest of 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. The Articles of Incorporation were amended in 2022 to change the date of the annual membership meeting to the third Saturday in March. The minutes of the annual membership meetings and Board of Directors meetings were reviewed for the period under examination.

**EMPLOYEE BENEFITS**

The Company employs four full-time employees and one part-time employee. The benefits package offered by the Company to its employees includes health, life, and disability insurance, a retirement plan with employer matching, 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 25 licensed agencies, who receive a 15% commission on new and renewal business.

**Policy Forms and Underwriting Practices**

The Company uses AAIS and Grinnell insurance forms. The policies are written on a continuous period and renewed annually, with rates determined by the Company manager and approved by the Board of Directors. Renewal billings are mailed directly to the insured. Inspections are performed by a company employee, and claims adjusting is performed by 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	\$ 9,252	\$ 2,548	\$ 5,551	\$ 4,885	\$ 265	\$ (786)	\$ (521)
2022	10,549	3,378	5,283	1,772	174	518	693
2021	9,810	3,050	5,072	1,727	130	742	872
2020	8,526	2,463	4,702	3,254	180	(174)	7
2019	8,205	2,160	4,246	1,469	185	351	438

**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	\$ 4,246	\$ 4,702	\$ 5,072	\$ 5,283	\$ 5,551
Assumed	11	11	11	11	18
Ceded	912	943	954	965	1,060
<b>Net Written</b>	<b>\$ 3,345</b>	<b>\$ 3,770</b>	<b>\$ 4,129</b>	<b>\$ 4,329</b>	<b>\$ 4,509</b>

**Assumed Reinsurance**

MAMIC Mutual Insurance Company (MAMIC) issues direct policies to insure agents’ errors and omissions liability and directors’ and officers’ liability risks for various mutual insurance companies, including the Company. The policy risks insured by MAMIC for these products are pooled and ceded to participating mutual insurance companies. The Company assumes a 3% share of the interests and liabilities of the MAMIC pooled risks.

**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, and aggregate excess coverage for property risk, as well as quota share coverage for liability exposures.

Under the per risk excess of loss section of the agreement, the Company retains \$300,000 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 \$825,000 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 \$3,450,000 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 24% ceding commission. The reinsurer's maximum liability limit is \$1,000,000 per occurrence, except for farm owners' 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 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. Tochtrop & Associates, P.C., performs an annual audit of the Company's financial statements 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 United 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	\$	5,496,532
Stocks		1,500
Mutual Funds		1,056,062
Real Estate		72,383
Cash on Deposit		2,074,782
Other Investments		245,278
Computer Equipment		2,734
Federal Income Tax Recoverable		148,460
Interest Due and Accrued		50,841
Prepaid Expenses		103,419
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>9,251,991</b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2023

Unpaid Losses	\$	818
Ceded Reinsurance Premiums Payable		65,949
Unearned Premium		2,433,172
Payroll Tax		4,744
Accounts Payable to Agents		37,668
Accounts Payable (Other)		5,512
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>2,547,863</b>
Guaranty Fund		150,000
Other Surplus		6,554,128
<b>TOTAL POLICYHOLDER SURPLUS</b>	<b>\$</b>	<b>6,704,128</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$</b>	<b>9,251,991</b>

**STATEMENT OF INCOME**  
For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$	4,388,259
Other Insurance Income		30,135
Net Losses & Loss Adjustment Expense		3,536,286
Underwriting Expenses		1,668,070
<b>Underwriting Gain (Loss)</b>	<b>\$</b>	<b>(785,962)</b>
Investment Income		269,496
Investment Expenses		4,626
<b>Net Investment Gain (Loss)</b>	<b>\$</b>	<b>264,870</b>
Other Income		154
<b>Gross Profit or Loss</b>	<b>\$</b>	<b>(520,938)</b>
Federal Income Tax		-
<b>NET INCOME (LOSS)</b>	<b>\$</b>	<b>(520,938)</b>

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

*(\$000s omitted)*

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Capital and Surplus, Beginning of Year	\$ 5,564	\$ 6,046	\$ 6,063	\$ 6,760	\$ 7,171
Net Income (Loss)	438	7	704	559	(521)
Change in Net Unrealized Gains (Losses)	44	10	(7)	(148)	53
<b>Ending Policyholder's Surplus</b>	<b>\$ 6,046</b>	<b>\$ 6,063</b>	<b>\$ 6,760</b>	<b>\$ 7,171</b>	<b>\$ 6,703</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 Financial Examiner  
Missouri Department of Commerce and  
Insurance