

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

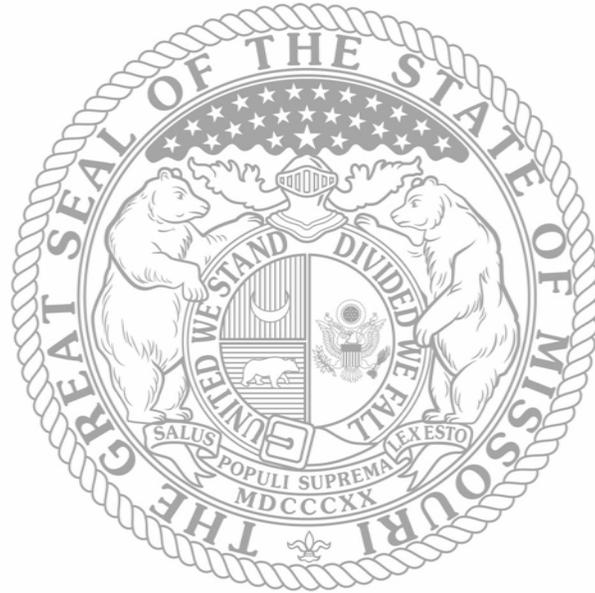
After full consideration and review of the report of the financial examination of Osage County Farmers Mutual Aid Association for the period ended December 31, 2022, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director, 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 Osage County Farmers Mutual Aid Association 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 3rd day of May, 2024.



Chlora Lindley-Myers
Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

OSAGE COUNTY FARMERS MUTUAL AID ASSOCIATION

AS OF
DECEMBER 31, 2022

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
April 1, 2024

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

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

OSAGE COUNTY FARMERS MUTUAL AID ASSOCIATION

hereinafter referred to as such, as OCFMAA, or as the Company. Its administrative office is located at 2418 County Road 521, Koeltztown, Missouri 65048, telephone number (573) 728-6528. The fieldwork for this examination began on November 21, 2023, 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 Osage County Farmers Mutual Aid Association. 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 also included a review of significant estimates made by management and evaluation of management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

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 in January 1890, as Farmers Mutual Aid Association of Crawford and Adjoining Townships. The Company currently operates as Osage County Farmers Mutual Aid Association.

The Company has a Certificate of Authority dated July 1, 1991, 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 Monday in September, 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 and shall be called upon petition of one-fourth of the members. Eight members shall constitute a quorum at any membership meeting. Proxy voting is not permitted.

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 six members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately twelve to fifteen times per year.

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

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Russell Scheulen	Self Employed
Larry Sestak	Farmer
Jenny Schulte	Self Employed
Marion Stuecken	Shipping Supervisor/Farmer
Aaron Hutson	State Employee
Sharon Miller	State Employee

Officers

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

<u>Name</u>	<u>Office</u>
Larry Sestak	President
Aaron Hutson	Vice President
Russell Scheulen	Vice President
Marlon Stuecken	Secretary
Sharon Miller	Treasurer

Conflict of Interest

The Company completes annual conflict of interest statements for the disclosure of material conflicts of interest or affiliations by its directors and officers. The Company has its directors and officers sign conflict of interest statements on an annual basis. A review of the completed statements noted no material conflicts disclosed.

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed. Neither the Articles of Incorporation nor the Bylaws were 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

All operations of the Company are performed by its directors. Other than wages, no additional benefits are provided by the Company.

FIDELTY BOND AND OTHER INSURNACE

The Company is a named insured on a fidelity bond providing a limit of liability of \$25,000. 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 and errors and omissions coverage for its agents. Other insurance coverages carried by the Company include business property and liability coverage.

INSURNACE PRODUCTS AND RELATED PRACTICES

Territory And Plan of Operation

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 two licensed agents, who receive a \$80 commission per policy written.

Territory And Plan of Operation

The Company utilizes Missouri Association of Mutual Insurance Companies (MAMIC), Cameron Mutual Insurance Company Forms and American Association of Insurance Services (AAIS) forms. Renewal billings are mailed directly to the insured. Property inspections and claims adjusting are performed by the directors and agents.

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)
2022	\$2,073	\$20	\$473	\$293	\$7	\$ 70	\$ 77
2021	2,055	60	456	258	16	44	61
2020	1,948	14	436	297	25	33	58
2019	1,902	12	428	70	30	44	74
2018	1,815	9	411	58	14	199	213

At year-end 2022, there were 781 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 Premiums Written	\$ 411	\$ 428	\$ 432	\$ 448	\$ 471
Reinsurance Assumed:	0	0	0	0	0
Reinsurance Ceded:	16	17	18	19	20
Net Premiums Written	\$ 395	\$ 411	\$ 414	\$ 429	\$ 451

Assumed Reinsurance

The company did not assume any premiums during the period under examination.

Ceded Reinsurance

The Company's property reinsurance program is placed by broker Guy Carpenter & Company, LLC with various reinsurers (the reinsurer) under property per risk, catastrophe, and aggregate excess contracts. The lead reinsurer under the program is Renaissance Reinsurance U.S. Inc., with a 30.50% share in the interest and liabilities of the contracts.

Under the per risk excess of loss agreement, the Company retains \$45,000 for each loss, each risk, and the reinsurer's limits are \$500,000 per risk and \$1,000,000 per occurrence.

The catastrophe excess of loss agreement has two layers. Under layer one, the reinsurer is liable for 100% of \$1,000,000 in excess of \$90,000, ultimate net loss per occurrence. Under layer two, the reinsurer is liable for an additional \$2,000,000 per occurrence in excess of the layer one company retention and reinsurer limits.

Under the aggregate excess of loss agreement, the Company's annual aggregate net retention, or attachment point is equal to 90% of the Company's gross net earned premium income. The reinsurer is liable for 100% of losses in excess of this retention.

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 a cash basis. The Company prepares its annual statement filing.

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 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

Cash	\$ 2,072,677
TOTAL ASSETS	\$ 2,072,677

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2022

Unpaid Losses	\$ 20,000
TOTAL LIABILITIES	20,000
Guaranty Fund	150,000
Other Surplus	1,902,677
TOTAL POLICYHOLDER SURPLUS	2,052,677
TOTAL LIABILITIES AND SURPLUS	\$ 2,072,677

STATEMENT OF INCOME
For the Year Ended December 31, 2022

Net Earned Assessment/Premium Income	\$ 321,354
Other Insurance Income	-
Net Losses & Loss Adjustment Expense	(209,401)
Underwriting Expenses	(41,618)
Underwriting Income (Loss)	\$ 70,326
Investment Income	7,348
Investment Expenses	-
Net Investment Gain (Loss)	\$ 7,348
Other Income	-
Gross Profit or Loss	\$ 77,680
Federal Income Tax	-
NET INCOME (LOSS)	\$ 77,680

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	\$ 1,593	\$ 1,815	\$ 1,890	\$ 1,934	\$ 1,995
Net Income (Loss)	213	75	58	61	78
Prior Period Adjustments	-	-	(14)	-	(20)
Ending Policyholder's Surplus	\$ 1,806	\$ 1,890	\$ 1,934	\$ 1,995	\$ 2,053

The 2019 beginning policyholder surplus reported by the Company exceed the 2018 ending policyholder surplus by approximately \$9,000, due to a minor accounting error. The issue was resolved in subsequent years' reporting.

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

None.

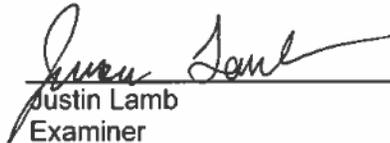
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Osage County Farmers Mutual Aid Association during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

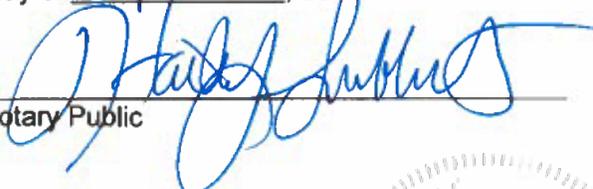
State of Missouri)
) ss
County of Cole)

I, Justin Lamb, 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 Osage County Farmers Mutual Aid Association, 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.



Justin Lamb
Examiner
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 8th day of April, 2024.

My commission expires: March 30, 2027


Notary Public

HAILEY LUBBERT
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES MARCH 30, 2027
OSAGE COUNTY
COMMISSION #15634306



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.

Michael R. Shadowens

Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance