

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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


ORDER

After full consideration and review of the report of the financial examination of Cameron Mutual Insurance Company for the period ended December 31, 2016, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, company history, management and control, territory and plan of operation, reinsurance, financial statements, financial statement changes resulting from examination, comments on financial statement items, subsequent events and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Cameron Mutual Insurance Company as of December 31, 2016 be and is hereby ADOPTED as filed and for Cameron 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 by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 23rd day of February, 2018.




Chlora Lindley-Myers, Director
Department of Insurance, Financial Institutions
and Professional Registration

**REPORT OF THE
FINANCIAL EXAMINATION OF
CAMERON MUTUAL INSURANCE COMPANY**

**AS OF
DECEMBER 31, 2016**

FILED
MAR 05 2018
DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



**STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION
JEFFERSON CITY, MISSOURI**

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
PERIOD COVERED.....	1
PROCEDURES.....	1
RELIANCE UPON OTHERS.....	2
SUMMARY OF SIGNIFICANT FINDINGS	2
COMPANY HISTORY.....	2
CAPITAL CONTRIBUTIONS	3
DIVIDENDS	3
MERGERS AND ACQUISITIONS	3
MANAGEMENT AND CONTROL	3
BOARD OF DIRECTORS	3
COMMITTEES.....	4
OFFICERS	5
CORPORATE RECORDS	5
HOLDING COMPANY, SUBSIDIARIES AND AFFILIATES	5
ORGANIZATIONAL CHART.....	6
INTERCOMPANY TRANSACTIONS.....	6
TERRITORY AND PLAN OF OPERATION.....	7
REINSURANCE	8
GENERAL	8
ASSUMED	8
CEDED.....	8
FINANCIAL STATEMENTS.....	9

ASSETS.....	10
LIABILITIES, SURPLUS AND OTHER FUNDS.....	11
STATEMENT OF INCOME.....	12
CAPITAL AND SURPLUS ACCOUNT.....	12
FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION.....	13
COMMENTS ON FINANCIAL STATEMENT ITEMS.....	13
SUBSEQUENT EVENTS.....	13
SUMMARY OF RECOMMENDATIONS.....	13
ACKNOWLEDGMENT.....	14
VERIFICATION.....	14
SUPERVISION.....	15

Cameron, MO
January 3, 2018

Honorable Chlora Lindley-Myers, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65102

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

Cameron Mutual Insurance Company

hereinafter referred to as such, as Cameron Mutual, or as the Company. Its main administrative office is located at 214 McElwain Drive, Cameron, Missouri 64429, telephone number (816)-632-6511. The fieldwork for this examination began on May 15, 2017 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) has performed a full-scope financial examination of Cameron Mutual Insurance Company. The last examination of the Company, also performed by the DIFP, covered the examination period of January 1, 2011 through December 31, 2013. The current examination covers the period of January 1, 2014 through December 31, 2016, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

This examination was performed concurrently with the examination of the Company's wholly-owned insurance subsidiary, Cameron National Insurance Company (Cameron National), a Missouri property and casualty insurer.

Procedures

This examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the DIFP and 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. This 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to Cameron Mutual included investments, reinsurance, premiums and underwriting, and claims handling and reserving. The examination also included a review and evaluation of information technology general controls.

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.

Reliance Upon Others

The examination team relied heavily upon information provided by the Company and its management. Where the examiners deemed appropriate, this information was tested or verified with external sources.

The examiners also relied upon information supplied by the Company's independent auditor, CliftonLarsonAllen LLP (CLA), of Des Moines, Iowa from its annual statutory audits covering the periods of January 1, 2015 through December 31, 2015 and January 1, 2016 through December 31, 2016. CLA's audit workpapers were utilized to assist in the identification of risks, to gain an understanding of key processes and controls, and to reduce control and substantive testing procedures (to the extent deemed possible and appropriate).

Actuarial and Technical Solutions, Inc., an actuarial consulting firm specializing in property and casualty business lines from Bohemia, New York, was engaged by the DIFP to assist in a review of the Company's actuarially computed loss and loss adjustment expense (LAE) reserves. The consulting actuary also reviewed the assumptions, methodology, and conclusions of Cameron Mutual's appointed actuary for appropriateness, reasonability, and compliance with actuarial standards.

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

The Company was incorporated on April 26, 1892, as The Farmers Mutual Tornado and Windstorm Association of the Third Congressional District of Missouri, operating as a county mutual insurance company. Due to the location of its home office, the Company became widely

known as “The Cameron Insurance Company” throughout the State of Missouri, and in 1968, the policyholders voted to change the name to Cameron Mutual Insurance Company. In 1984, in order to spread its risk over a wider geographical area and to enable product expansion, the Company was converted to a general mutual organization and operates under Chapter 379 RSMo (Insurance other than life). In 1989, the Company purchased Eagle National Assurance Corporation, a property and casualty stock company now operating under the name Cameron National Insurance Company. In 2008, a Missouri farm mutual, Cameron Country Mutual Insurance Company, surrendered its charter and was merged into Cameron Mutual.

On March 12, 2015, the Boards of Directors for Cameron Mutual and Cameron National unanimously voted to transfer the Cameron National book of business to Cameron Mutual, to cease writing business in Cameron National, and to continue to maintain the corporate shell of Cameron National. In accordance with Missouri statutes, a letter notifying policyholders of the transfer of coverage from Cameron National to Cameron Mutual was included with renewal notices mailed to policyholders. Policies were transferred to Cameron Mutual by business line at their renewal dates, and the process was completed on December 1, 2017. See additional details related to the transfer of business to Cameron Mutual under the Subsequent Events section of this report.

Capital Contributions

No surplus contributions were received during the current examination period.

Dividends

The Company is owned by its policyholders. There were no dividends declared or paid to the policyholders during the examination period.

Mergers and Acquisitions

No mergers or acquisitions occurred during the examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors, which is elected by the policyholders. The Company’s Articles of Incorporation specify that the Board of Directors shall consist of nine members. Members of the Board of Directors appointed and serving as of December 31, 2016, were as follows:

<u>Name</u>	<u>Address</u>	<u>Principal Occupation and Business Affiliation</u>
Gary W. Black	Trenton, MO	Partner and Agent, Robbins and Black Agency and Secretary, Farmers Mutual Insurance Company Grundy County
Gayle W. Cobb*	Clever, MO	Agent, Fortner Insurance Services, Inc.
Robert L. Cummings	Springfield, MO	Certified Public Accountant and Partner, Roberts, McKenzie, Mangan & Cummings, P.C.
Paul E. Heacock	Olathe, KS	President and Chief Executive Officer, 4Sight

Gary D. Myers	Cameron, MO	Business Intelligence, Inc. Retired President and Chief Executive Officer, Cameron Mutual Insurance Company
Bradley M. Fowler	St. Joseph, MO	President and Chief Executive Officer, Cameron Mutual Insurance Company
Neil G. Nuttall	Trenton, MO	Retired President, North Central Missouri College
Larry K. Osborn	Cameron, MO	Retired Treasurer, Cameron Mutual Insurance Company
William R. Settles	Dexter, MO	Retired President, County Wide Insurance and Real Estate, Inc.

*Denotes Board Chairman

Committees

The Bylaws allow for the appointment of an Executive Committee and other committees as determined appropriate by the Board of Directors. The appointed committees and the members serving as of December 31, 2016, were as follows:

Executive Committee

Bradley M. Fowler*
Gary D. Myers
Gayle W. Cobb
Larry K. Osborn
Gary W. Black

Governance Committee

Gary D. Myers*
Gary W. Black
William R. Settles
Bradley M. Fowler (ex-officio)

Audit Committee

Robert L. Cummings*
Paul E. Heacock
Larry K. Osborn
Bradley M. Fowler (ex-officio)

Product/Pricing Committee

William R. Settles*
Paul E. Heacock
Neil G. Nuttall
Bradley M. Fowler (ex-officio)

Compensation Committee

Neil G. Nuttall*
Gayle W. Cobb
Robert L. Cummings
Bradley M. Fowler (ex-officio)

*Denotes Committee Chairman

In 2016, the Board of Directors approved the establishment of a formal Risk Committee whose main purpose is to monitor existing and emerging risks the Company faces in support of the Board and Management's Enterprise Risk Management efforts. The Risk Committee's inaugural meeting was held on June 19, 2017, with the following committee members appointed and serving: Paul E. Heacock (chairman), Neil G. Nuttall, Robert L. Cummings, and Bradley M. Fowler (ex-officio).

Officers

The officers elected by the Board of Directors and serving as of December 31, 2016, were as follows:

<u>Officer</u>	<u>Position</u>
Gayle W. Cobb	Chairman of the Board
Bradley M. Fowler	President and Chief Executive Officer
Joseph P. Conboy*	Treasurer and Chief Financial Officer
Andrea L. Lockridge	Corporate Secretary and Vice President Human Resources
Dianne L. Priest	Executive Vice President and Assistant Secretary
Philip A. Barnard	Vice President Information Systems
Douglas E. Cunio	Assistant Vice President Claims
Douglas E. Paden	Vice President Marketing Services
Robert L. Winder	Vice President Research and Development
Ernest D. Carpenter	Vice President Claims
Richard G. Hatten	Assistant Vice President Underwriting Director
Cary D. Sowards	Assistant Treasurer and Assistant Vice President Accounting
Brian L. Hill	Assistant Vice President Information Systems

*Mr. Conboy joined Company in October 2016 as a replacement for Peter Lindquist, who left the Company in June 2016

Corporate Records

A review was made of the Articles of Incorporation and Bylaws for the period under examination. There was one amendment to the Articles of Incorporation during the period, which removed employees from mandatory indemnification of all expenses, fines, and settlements as described in Article 10. Two amendments were made to the Bylaws during the period. The first renamed the Vice President of Personnel to Vice President of Human Resources and modified certain duties associated with the title, and the second created mandatory indemnification for all Directors and Officers. The Company also filed an amendment to the Bylaws subsequent to the examination period, which addressed criteria for the removal of Directors.

The minutes of the Board of Directors' meetings, committee meetings, and policyholder meetings were reviewed for proper approval of corporate transactions. In general, the minutes appear to properly reflect and approve the Company's major transactions and events for the period under examination.

Holding Company, Subsidiaries and Affiliates

Cameron Mutual Insurance Company is a member of an insurance holding company system, as defined by Chapter 382.010 RSMo (Definitions). An insurance holding company system registration statement was filed by Cameron Mutual for each year of the examination period.

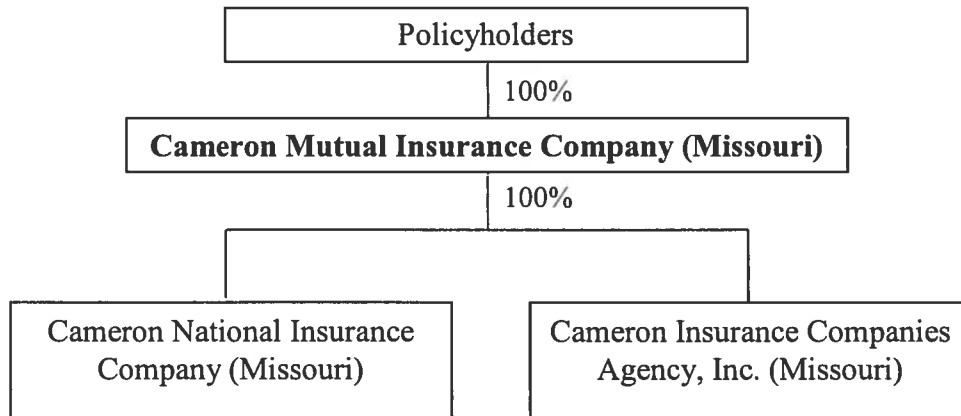
Cameron Mutual is the ultimate controlling entity in a holding company system that includes one other insurance company and one non-insurance entity, the details of which are summarized below. As a mutual insurer, Cameron Mutual is ultimately controlled by its policyholders through their election and appointment of the Board of Directors.

The Company is the parent of and wholly owns:

- Cameron National Insurance Company – Acquired in 1989, Cameron National is a Missouri domiciled property and casualty insurer operating under the insurance laws of Chapter 379 RSMo (Insurance other than life). Prior to the transfer of business to Cameron Mutual during 2016 and 2017, Cameron National wrote preferred auto business in Missouri and Arkansas and personal auto, business auto, homeowners, farmowners and commercial liability in Iowa. As noted in the Company History section above, Cameron National has ceased writing new business.
- Cameron Insurance Companies Agency, Inc. (CIC Agency) – CIC Agency is a Missouri corporation formed to provide insurance services for products not marketed by Cameron Mutual for independent agents and Cameron Mutual employees. CIC Agency still receives monthly residual commission payments from life insurance business written in the past, but there are no plans for the agency to write new business in the future.

Organizational Chart

The following chart depicts the ownership and affiliates of the Company, as of December 31, 2016:



Intercompany Transactions

The Company has the following agreements with affiliated companies:

- Type:** Contract for Services Agreement
Parties: Cameron Mutual and Cameron National
Effective: July 1, 2002, with the following amendments: January 1, 2009, January 1, 2012, and January 1, 2015
Terms: Cameron Mutual agrees to provide services, including but not limited to, underwriting, research and development, legal, data processing and reporting, accounting, marketing, claims adjusting, management, communications and other miscellaneous services and support necessary for the operations of Cameron National.

- Rates:** Per the terms of the agreement, general expenses are allocated on the basis of policy count, investment management software expenses on the basis of percentage of total invested assets, and survey and underwriting expenses on the basis of new policy applications. Boards of Directors’ fees are allocated 20% to Cameron National. Inventory and supplies directly attributable to its operations are charged to Cameron National on a cost basis.
- Type:** Tax Allocation Agreement
- Parties:** Cameron Mutual and Cameron National
- Effective:** Tax year-ended December 31, 2002
- Terms:** The parties will annually file a consolidated federal income tax return whereby each entity’s share of the consolidated tax liability or refund shall be calculated as the amount that would have been incurred if each entity filed a separate tax return.

Cameron Mutual also maintains a service agreement and a tax agreement with its non-insurance subsidiary CIC Agency.

In addition to the above agreements, there is also an intercompany multi-line quota-share reinsurance agreement whereby Cameron Mutual assumes 100% of net liability under policies, contracts, and binders of reinsurance from Cameron National. See the Reinsurance section of this report for further details.

TERRITORY AND PLAN OF OPERATION

Cameron Mutual operates as a Midwest regional insurance carrier, offering a diverse blend of personal and commercial products, including standard automobile, homeowners, commercial multiple peril, farmowners, homeowners, fire and allied lines, inland marine, and other liability (which includes general casualty and umbrella liability policies for personal, farm, and commercial). The major lines of business, based on direct written premiums, are listed below:

<u>Line of Business</u>	<u>Percentage of 2016 Direct Written Premium</u>
Commercial Multiple Peril	20.7%
Homeowners Multiple Peril	20.5%
Private Passenger Auto Liability	12.8%
Farmowners Multiple Peril	12.6%
Auto Physical Damage	12.3%
All other Lines	<u>21.1%</u>
Total	<u>100.0%</u>

Cameron Mutual currently writes business in Missouri, Arkansas, and Iowa, and is also licensed to write business in Kansas and Illinois. The Company primarily markets its products to rural and suburban areas, through approximately 277 independent agencies operating within these areas. In recent years, management has focused on growth in non-concentrated areas of operation, including a growth and marketing incentive plan specifically designed to stimulate growth in Iowa. The direct written premiums for 2016 reflect this initiative. While Missouri still accounted

for a significant majority (71.4%) of total direct written premiums for 2016, the amount of direct business written in Missouri actually declined slightly (less than 1%) from 2015. This slight decline was offset by direct premium growth in Arkansas of 6.5% and initial expansion into Iowa. Arkansas accounted for 25.5% of total direct written premiums in 2016, while Iowa accounted for the remaining 3.1%.

REINSURANCE

General

The Company's premium activity on a direct, assumed, and ceded basis for the period under examination is detailed below:

	2014	2015	2016
Direct Business	\$ 45,594,483	\$ 45,031,089	\$ 46,966,724
Reinsurance Assumed			
Affiliates	12,710,240	13,668,278	13,704,754
Non-affiliates	792,657	806,365	198,352
Reinsurance Ceded:			
Affiliates	-	-	-
Non-affiliates	(11,352,108)	(10,223,280)	(3,395,437)
Net Premiums Written	\$ 47,745,272	\$ 49,282,452	\$ 57,474,393

Assumed

Under a multi-line quota share reinsurance agreement effective January 1, 2009, Cameron Mutual assumes 100% of Cameron National's net retained liability on all inforce property and casualty insurance or reinsurance written or renewed thereafter. As Cameron National will only exist as a shell corporation going forward, the affiliated quota share agreement will be discontinued after 2017.

Cameron Mutual also assumes an immaterial amount of casualty business through 100% quota share reinsurance agreements with nine Missouri farm mutual insurers. These agreements were the result of Cameron Mutual's merger with Cameron Country Mutual Insurance Company in 2008.

Ceded

The risks to Cameron Mutual on an individual policy basis are large property or liability losses due to various perils. In order to mitigate these individual risks, the Company has maintained several reinsurance contracts, including an excess property facultative agreement, an umbrella quota share agreement, and a multiple-line excess of loss agreement. The excess property facultative reinsurance agreement with General Re Corporation (Gen Re) limits Cameron Mutual's ultimate net loss with respect to any one property risk to \$2.0 million, each risk. The umbrella quota share agreement, also with Gen Re, provides coverage for Cameron Mutual's personal, farm, and commercial umbrella products. Under this agreement, Cameron Mutual

cedes 95% of losses up to \$1.0 million, each occurrence, and 100% of losses in excess of \$1.0 million, up to the reinsurer's \$5.0 million limit of liability. The multiple-line excess of loss reinsurance agreement with various participating reinsurers as brokered by the intermediary, Aon Benfield, Inc., provides \$3.7 million of coverage in excess of the Company's retention of \$300,000 (property per risk, casualty per occurrence).

Cameron Mutual's concentration of business within three Midwestern states exposes the Company to significant losses stemming from wind, hail storm, and tornado events. The Company maintains property catastrophe reinsurance protection to reduce the net impact of such catastrophe events. In 2016, the catastrophe excess reinsurance agreement provided per occurrence coverage of 100% of \$17.5 million in excess of the Company's \$2.5 million retention, which was reduced from \$3.0 million retention in prior years' agreements.

During 2014 and 2015, Cameron Mutual further reduced its net retained liabilities under a long-standing quota share agreement, whereby a percentage of the remaining risks were ceded to Swiss Reinsurance America Corporation. The Company ceded 12.5% of remaining liabilities for losses under the 2014 contract and 10% of remaining liabilities for losses under the 2015 contract. This contract was non-renewed in 2016.

Cameron Mutual is contingently liable for all 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 agreement.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the DIFP and present the financial condition of Cameron Mutual Insurance Company for the period ending December 31, 2016. The accompanying comments on financial statement items reflect any examination adjustments to the amounts reported in the annual statement 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.

	<u>Assets</u>		
	<u>Assets</u>	<u>Non-Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 46,337,582	\$ -	\$ 46,337,582
Common stocks	18,276,109	-	18,276,109
Real estate	934,528	-	934,528
Cash, cash equivalents and short-term investments	4,448,159	-	4,448,159
Investment income due and accrued	456,429	-	456,429
Uncollected premiums and agents' balances in course of collection	809,978	11,643	798,335
Deferred premiums, agents' balances and installments booked but deferred and not yet due	8,605,124	-	8,605,124
Amounts recoverable from reinsurers	170,249	-	170,249
Federal income tax recoverable	348,392	-	348,392
Net deferred tax assets	2,740,301	240,219	2,500,082
Electronic data processing equipment	419,571	152,027	267,544
Furniture and equipment	36,720	36,720	-
Receivable from subsidiaries and affiliates	226,853	-	226,853
Aggregate write-ins for other assets	266,746	7,996	258,750
TOTAL ASSETS	<u>\$ 84,076,741</u>	<u>\$ 448,605</u>	<u>\$ 83,628,136</u>

Liabilities, Surplus and Other Funds

Losses	\$ 16,258,555
Reinsurance payable on paid losses	1,152,568
Loss adjustment expenses	4,331,669
Commissions payable, contingent and other similar charges	1,307,254
Other expenses	684,371
Taxes, licenses and fees	128,586
Unearned premiums	22,297,908
Advance premium	516,658
Ceded reinsurance premiums payable	43,355
Amounts withheld or retained by company	107,546
Drafts outstanding	179,397
Payable for securities	1,004
Aggregate write-ins for liabilities	74,898
TOTAL LIABILITIES	\$ 47,083,769
Aggregate write-Ins for other than special surplus funds	1,600,000
Unassigned funds (surplus)	34,944,367
TOTAL SURPLUS	\$ 36,544,367
TOTAL LIABILITIES AND SURPLUS	\$ 83,628,136

Statement of Income**Underwriting Income**

Premiums earned	\$ 54,776,295
Deductions:	
Losses incurred	30,655,388
Loss adjustment expenses incurred	5,435,140
Other underwriting expenses incurred	20,573,596
Total underwriting deductions	<u>\$ 56,664,124</u>
Net underwriting gain/(loss)	<u>\$ (1,887,829)</u>

Investment Income

Net investment income earned	1,474,328
Net realized capital gains or (losses)	27,226
Net investment gain or (loss)	<u>\$ 1,501,554</u>

Other Income

Net gain (loss) from agents' or premium balances charged off	(63,321)
Finance and service charges not included in premiums	865,138
Miscellaneous other income	111,049
Total other income	<u>\$ 912,866</u>
Net income before dividends to policyholders and federal income taxes	<u>\$ 526,591</u>
Federal and foreign income taxes incurred	(3,849)
Net Income	<u>\$ 522,742</u>

Capital and Surplus Account

Capital and surplus, December 31, 2015	\$ 35,180,628
Net income	522,742
Change in net unrealized capital gains and (losses)	1,061,474
Change in net deferred income tax	(403,564)
Change in non-admitted assets	183,087
Net change in capital and surplus	<u>\$ 1,363,739</u>
Capital and Surplus at December 31, 2016	<u>\$ 36,544,367</u>

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None

COMMENTS ON FINANCIAL STATEMENT ITEMS

None

SUBSEQUENT EVENTS

As noted under the Company History section above, the process of transferring Cameron National's policies to Cameron Mutual was completed on December 1, 2017. According to representations made by Cameron Mutual and Cameron National (the Companies) during the course of the examination, a loss portfolio transfer reinsurance agreement is contemplated, whereby any existing and future claims liabilities related to Cameron National's business will be fully assumed by Cameron Mutual. As a consequence of the planned loss portfolio transfer arrangement, the Companies also plan to terminate an existing intercompany service agreement, as it will no longer be necessary going forward. The Companies have indicated that, upon Board of Directors approval, Form D (Prior Notice of a Transaction) filings seeking DIFP approval of these transactions will be submitted to the DIFP during the first quarter of 2018. These filings will be reviewed by the DIFP in the normal course of its regulatory oversight.

Cameron National also notified the DIFP of its intent to transfer a majority of its investment balances to Cameron Mutual through the payment of an extraordinary dividend. As represented by management, Cameron National will retain only those investments necessary to cover Missouri's minimum capital and surplus requirements and future tax liabilities. As a consequence of these transactions, management has stated that Cameron National will exist only as a shell corporation going forward. As with the transactions described above, the Companies intend to file a Form D with the DIFP during the first quarter of 2018. This filing will be reviewed by the DIFP in the normal course of its regulatory oversight.

SUMMARY OF RECOMMENDATIONS

None

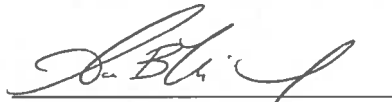
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Cameron Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Laura Church, CFE and EIC for the DIFP, Emily Pennington, AFE and Ronald Musopole, examiners for the DIFP, participated in this examination. Kimberly Dobbs, CFE, AES, Information System Examiner for the DIFP performed a review of the information system environment. Kristine Fitzgerald, ACAS, MAAA, FCA, of Actuarial & Technical Solutions Inc., also participated as a consulting actuary.

VERIFICATION

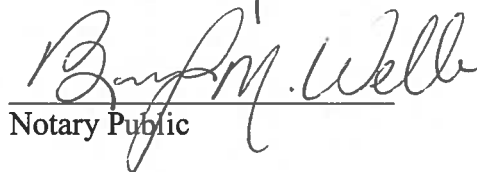
State of Missouri)
County of Jackson)

I, Sara B. McNeely, 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 Cameron 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.



Sara B. McNeely, CFE
Examiner-In-Charge
Missouri Department of Insurance, Financial
Institutions and Professional Registration

Sworn to and subscribed before me this 16th day of January, 2018.

My commission expires: 04/14/2020 
Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2020
Clay County
Commission #12484070



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 DIFP and statutes of the State of Missouri prevailed.



Levi N. Nwasoria, CFE, CPA

Audit Manager

Missouri Department of Insurance, Financial
Institutions and Professional Registration