



DEPARTMENT OF COMMERCE & INSURANCE

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

ORDER

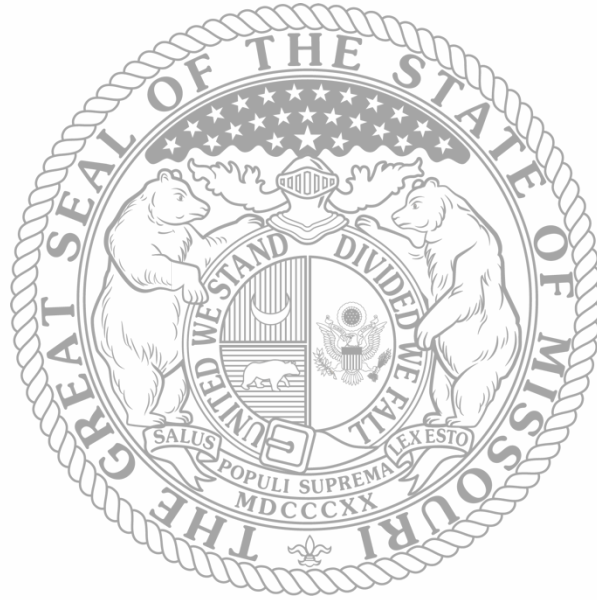
After full consideration and review of the report of the financial examination of Cameron National Insurance Company for the period ended December 31, 2019, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance 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 finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Cameron National Insurance Company as of December 31, 2019 be and is hereby ADOPTED as filed and for Cameron National 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 22nd day of April, 2021.




Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

CAMERON NATIONAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2019

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
PERIOD COVERED.....	1
PROCEDURES.....	1
SUMMARY OF SIGNIFICANT FINDINGS	2
COMPANY HISTORY	2
GENERAL.....	2
MERGERS, ACQUISITIONS, AND MAJOR CORPORATE EVENTS	2
DIVIDENDS AND CAPITAL CONTRIBUTIONS	2
SURPLUS NOTES.....	2
MANAGEMENT AND CONTROL	3
BOARD OF DIRECTORS	3
SENIOR OFFICERS	3
PRINCIPAL COMMITTEES	4
CORPORATE RECORDS.....	4
HOLDING COMPANY, SUBSIDIARIES, AND AFFILIATES.....	4
ORGANIZATIONAL CHART	5
INTERCOMPANY TRANSACTIONS	5
TERRITORY AND PLAN OF OPERATION	5
GROWTH OF COMPANY AND LOSS EXPERIENCE	6
REINSURANCE	6
ASSUMED REINSURANCE	6
CEDED REINSURANCE.....	6
ACCOUNTS AND RECORDS	6
INDEPENDENT AUDITOR	6
ACTUARIAL OPINION	6

CONSULTING ACTUARY	7
INFORMATION SYSTEMS	7
FINANCIAL STATEMENTS.....	7
ASSETS.....	8
LIABILITIES, SURPLUS AND OTHER FUNDS.....	8
STATEMENT OF INCOME	8
RECONCILIATION OF CAPITAL AND SURPLUS	9
COMMENTS ON FINANCIAL STATEMENT ITEMS	9
FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION	9
SUMMARY OF RECOMMENDATIONS.....	9
SUBSEQUENT EVENTS.....	9
ACKNOWLEDGMENT	10
VERIFICATION.....	10
SUPERVISION	11

Kansas City, MO
March 25, 2021

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

Cameron National Insurance Company (NAIC #42498)

hereinafter referred to as such, as Cameron National, or as the Company. Its administrative office is located at 214 McElwain Drive, Cameron, Missouri 64429, telephone number 816-632-6511. The fieldwork for this examination began on June 16, 2020, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of Cameron National Insurance Company. The last examination of the Company by the Department covered the period of January 1, 2014 through December 31, 2016. The current examination covers the period of January 1, 2017 through December 31, 2019, 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.

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 National included investments, reinsurance, premiums and underwriting, and claims handling and reserving. The examination also included a review and evaluation of information technology general controls.

The examination was conducted concurrently with the examination of the Company's Missouri-domiciled parent, Cameron Mutual Insurance Company (Cameron Mutual).

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

Cameron National was incorporated as a stock insurer in the state of Iowa on February 14, 1983, under the name of Eagle National Assurance Company (Eagle National). Cameron Mutual Insurance Company acquired Eagle National in 1989 and subsequently re-domiciled the Company to Missouri on December 8, 2000. Eagle National changed its name to Cameron National Insurance Company on January 1, 2001.

On March 12, 2015, the Boards of Directors for Cameron National and Cameron Mutual unanimously voted to transfer Cameron National's entire book of business to Cameron Mutual, to cease writing business in Cameron National, and to retain Cameron National as a corporate shell. 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 Cameron National policyholders. Policies were transferred to Cameron Mutual at their renewal dates, and the process was completed on December 1, 2017.

Mergers, Acquisitions, and Major Corporate Events

Other than the transfer of business from Cameron National to Cameron Mutual described above, there were no mergers, acquisitions, or other major corporate events during the examination period.

Dividends and Capital Contributions

On March 15, 2018, Cameron National paid to Cameron Mutual a \$5,300,000 dividend and a \$1,000,000 repayment of paid-in capital, of which \$1,073,971 was considered ordinary and \$5,226,029 was considered extraordinary. On January 15, 2019, Cameron National paid Cameron Mutual an additional \$1,700,000 extraordinary distribution for repayment of paid-in capital. Each of the aforementioned dividends and distributions were approved by the Department.

Surplus Notes

There were no surplus notes issued or outstanding during the examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that is appointed by the Company's sole shareholder and parent, Cameron Mutual. The Company's Articles of Incorporation specify that there shall be nine members. The Directors appointed and serving as of December 31, 2019, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Cathy A. Bailey Trenton, MO	Retired Accountant Lockridge, Constant & Conrad CPA, LLC
Gary W. Black Trenton, MO	Agent Duvall, Roeder & Black Insurance Agency
Gayle W. Cobb (Chair) Clever, MO	Producer and Agent Fortner Insurance Services, Inc.
Robert L. Cummings Springfield, MO	Certified Public Accountant and Partner Roberts, McKenzie, Mangan & Cummings, P.C.
Bradley M. Fowler St. Joseph, MO	President and Chief Executive Officer Cameron Mutual Insurance Company
Paul E. Heacock Olathe, KS	President and Chief Executive Officer 4Sight Business Intelligence, Inc.
Gary D. Myers Centralia, MO	Retired President and Chief Executive Officer Cameron Mutual Insurance Company
Neil. G. Nuttall Trenton, MO	Retired President North Central Missouri College
William R. Settles Dexter, MO	Retired President County Wide Insurance and Real Estate, Inc.

Senior Officers

The officers elected and serving, as of December 31, 2019, were as follows:

<u>Name</u>	<u>Office</u>
Bradley M. Fowler	President and Chief Executive Officer
Andrea L. Lockridge	Executive Vice President and Secretary
John L. Mason	Treasurer

Principal Committees

Pursuant to the Bylaws, the Board of Directors may appoint committees for such purposes as circumstances warrant. Cameron National shares committees with its parent, Cameron Mutual. Committee assignments as of December 31, 2019, were as follows:

Executive Committee

Bradley M. Fowler (Chair)
Gary D. Myers
Cathy A. Bailey
Gayle W. Cobb
Gary W. Black

Governance Committee

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

Audit Committee

Robert L. Cummings (Chair)
Paul E. Heacock
Cathy A. Bailey
Bradley M. Fowler (ex-officio)

Product/Pricing Committee

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

Compensation Committee

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

Risk Committee

Paul E. Heacock (Chair)
Robert L. Cummings
Neil G. Nuttall
Bradley M. Fowler (ex-officio)

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed. The minutes of the Board meetings, committee meetings, and policyholder meetings were reviewed for the period under examination.

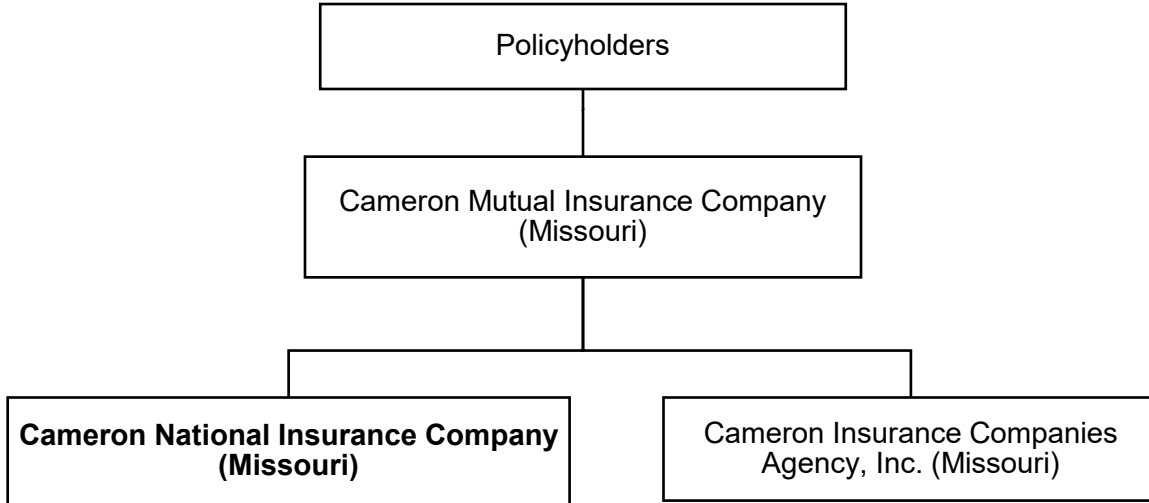
Holding Company, Subsidiaries, and Affiliates

Cameron National is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). An insurance holding company system registration statement was filed by the ultimate controlling entity, Cameron Mutual, for each year of the examination period. Cameron Mutual Insurance Company is considered the ultimate controlling entity as it holds a majority of the system's assets, including ownership of Cameron National and Cameron Insurance Companies Agency, Inc. (CIC Agency), the other two entities within the system. As a mutual insurance company, Cameron Mutual is ultimately controlled by its policyholders.

Cameron Mutual operates as a Midwest regional insurance carrier, offering a diverse blend of individual and commercial property and liability coverages. CIC Agency is a Missouri corporation formed to provide insurance services to independent agents and Cameron Mutual employees for products not marketed by Cameron Mutual.

Organizational Chart

The following organizational chart depicts the holding company group as of December 31, 2019. All subsidiaries shown are wholly owned unless otherwise noted.



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2019. A brief description of these agreements are as follows:

Tax Allocation Agreement: Since December 31, 2002, Cameron National has annually filed a consolidated federal income tax return with Cameron Mutual.

Loss Portfolio Transfer (LPT) Agreement: Effective January 1, 2018, Cameron Mutual assumed all of the responsibilities and obligations of Cameron National’s loss portfolio. Additional details regarding the terms of the LPT agreement are provided under the Territory and Plan of Operation section and Ceded Reinsurance subsection below.

TERRITORY AND PLAN OF OPERATION

Prior to January 1, 2018, Cameron National offered private passenger automobile liability and property damage policies in Missouri and Arkansas, and a full line of personal and commercial products in Iowa. In April 2016, Cameron National began moving its policies to Cameron Mutual, a process that was completed on December 1, 2017. Effective January 1, 2018, the Company executed a Loss Portfolio Transfer Agreement under which the responsibilities and obligations of its loss portfolio were assigned to Cameron Mutual. This completed the process of merging the Company’s book of business into Cameron Mutual. Cameron National has ceased writing business and is maintained as a shell company.

GROWTH OF COMPANY AND LOSS EXPERIENCE

As noted elsewhere in this report, Cameron National ceased writing premium and completed the transfer of its entire book of business to Cameron Mutual in 2017. Prior to this date, Cameron National ceded 100% of its business to Cameron Mutual under a multiple-line quota share agreement and therefore did not report any net premiums written, losses, or loss adjustment expenses during the examination period. The Company's capital and surplus decreased each year of the examination period, largely due to dividends and capital distributions made to Cameron Mutual, as discussed in the Company History section of this report.

REINSURANCE

Assumed Reinsurance

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

Ceded Reinsurance

From January 1, 2009 through January 1, 2018, Cameron National ceded 100% of its property and casualty business to Cameron Mutual under a multiple-line quota share reinsurance agreement. As noted elsewhere in this report, from 2016 to 2017, Cameron National transferred its entire book of business to Cameron Mutual. While policy renewals were transferred to Cameron Mutual, the liabilities for policies written in previous years were reported by Cameron National as liabilities on a direct basis. In order to transfer these liabilities to Cameron Mutual, on January 1, 2018, the two companies entered into a Loss Portfolio Transfer Agreement. Under the terms of this Agreement, Cameron Mutual assumed the responsibilities and obligations of Cameron National for losses and loss adjustment expenses incurred under Cameron National's loss portfolio. Concurrent with the execution of the LPT agreement, the aforementioned multiple-line quota share reinsurance agreement was terminated.

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

Independent Auditor

The certified public accounting (CPA) firm, CliftonLarsonAllen LLP, located in Des Moines, Iowa, performed the statutory audit of the Company for the years 2017 and 2018. For 2019, the Company was not required to obtain a statutory audit. The Company's parent, Cameron Mutual, was granted a permitted practice by the Department to admit its investment in Cameron National on an unaudited basis, due to its status as a shell company. The CPA firm, MarksNelson LLC, located in Kansas City, Missouri, performed the statutory audit of Cameron Mutual for 2019 and was required to audit significant balances of Cameron National to verify that the corresponding investment carried by Cameron Mutual was accurately reported. The CPAs confirmed the cash and investment account balances of Cameron National. The examination team utilized these workpapers during completion of the investment key activity procedures.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Alan J. Hapke, FCAS, MAA, for 2017 and 2018. Alan J. Hapke is employed by Streff Insurance Services Corporation, located in Stilwell, Kansas. In 2019, the Department granted Cameron National an exemption from filing an actuarial opinion as it is no longer writing business and reported no net loss or LAE reserve liabilities.

Consulting Actuary

Due to Cameron National's lack of loss and LAE reserves, utilization of a consulting actuary was not deemed necessary for the examination.

Information Systems

In conjunction with this examination, Kimberly Dobbs, CFE, AES, CISA, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems.

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 Cameron National Insurance Company for the period ending December 31, 2019. 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, 2019

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 2,524,157	\$ -	\$ 2,524,157
Cash, Cash Equivalents, and Short- Term Investments	313,689	-	313,689
Investment Income Due and Accrued	8,935	-	8,935
Net Deferred Tax Asset	323	-	323
Aggregate Write-Ins for Other-Than- Invested Assets	40,217	-	40,217
TOTAL ASSETS	\$ 2,887,321	\$ -	\$ 2,887,321

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2019

Current Federal and Foreign Income Taxes	\$ 5,348
Drafts Outstanding	48
TOTAL LIABILITIES	\$ 5,396
Common Capital Stock	1,420,000
Gross Paid In and Contributed Surplus	1,109,290
Unassigned Funds (Surplus)	352,635
TOTAL CAPITAL AND SURPLUS	\$ 2,881,925
TOTAL LIABILITIES AND SURPLUS	\$ 2,887,321

STATEMENT OF INCOME

For the Year Ended December 31, 2019

Premiums Earned	\$ -
DEDUCTIONS:	
Other Underwriting Expenses Incurred	33,331
Total Underwriting Deductions	\$ 33,331
Net Underwriting Gain (Loss)	\$ (33,331)
Net Investment Income Earned	80,163
Net Investment Gain (Loss)	\$ 80,163
Net Gain (Loss) from Agents' or Premium Balances Charged Off	(888)
Finance and Service Charges Not Included in Premiums	58
Federal and Foreign Income Taxes Incurred	5,348
NET INCOME (LOSS)	\$ 40,654

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2017 to December 31, 2019

	2017	2018	2019
Capital and Surplus, Beginning of Year	\$ 10,498,229	\$ 10,739,709	\$ 4,540,822
Net Income (Loss)	249,925	80,887	40,654
Change in Net Unrealized Capital Gains			
(Losses) Less Capital Gains Tax	6,619	20,551	-
Change in Net Deferred Income Tax	(36,132)	(37,543)	-
Change in Nonadmitted Assets	21,068	37,219	448
Surplus Adjustments:			
Paid In	-	(1,000,000)	(1,700,000)
Dividends to Stockholders	-	(5,300,000)	-
Net Change in Capital and Surplus	\$ 241,480	\$ (6,198,886)	\$ (1,658,898)
Capital and Surplus, End of Year	\$ 10,739,709	\$ 4,540,822	\$ 2,881,925

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

On March 11, 2020, The World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. On March 13, 2020, United States (U.S.) President Donald J. Trump declared the coronavirus pandemic a national emergency in the United States. The epidemiological threat posed by COVID-19 is having disruptive effects on the economy, including disruption of the global supply of goods, reduction in the demand for labor, and reduction in the demand for U.S. products and services, resulting in a sharp increase in unemployment. The economic disruptions caused by COVID-19 and the increased uncertainty about the magnitude of the economic slowdown has also caused extreme volatility in the financial markets.

The full effect of COVID-19 on the United States and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Cameron National Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Emily Pennington, CFE, Lisa Li, CPA, CFE, and Kim Dobbs, CFE, AES, CISA, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of Jackson)

I, Laura Church, CPA, 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 National 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.



Laura Church, CPA, CFE
Examiner-In-Charge
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 26th day of March, 2021.

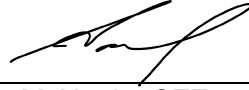
My commission expires: 6-10-2022 Donna L Rhodus
Notary Public

DONNA L. RHODUS
Notary Public - Notary Seal
State of Missouri - Platte County
Commission # 18897454
My Commission Expires 6/10/2022



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.



Sara McNeely, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance