

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 New Horizons Insurance Company of Missouri for the period ended December 31, 2018, 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 findings, subsequent events, company history, corporate records, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, financial statements, comments on financial statement items, examination changes and summary of recommendations.

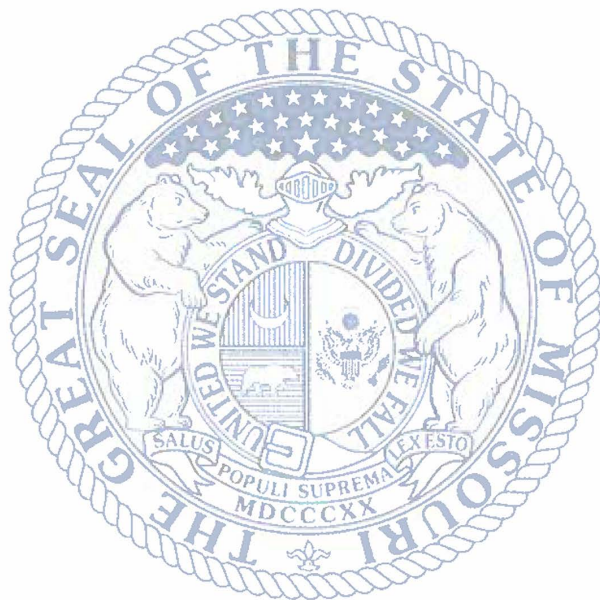
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of New Horizons Insurance Company of Missouri as of December 31, 2018 be and is hereby ADOPTED as filed and for New Horizons Insurance Company of Missouri to take the following action or actions, which 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 10th day of March, 2020.



Chlora Lindley-Myers

Chlora Lindley-Myers, Director
Department of Commerce and Insurance



FILED

MAR 20 2020

**DIRECTOR OF
MISSOURI DEPARTMENT OF
COMMERCE AND INSURANCE**

REPORT OF THE
FINANCIAL EXAMINATION OF

**NEW HORIZONS INSURANCE COMPANY
OF MISSOURI**

AS OF
DECEMBER 31, 2018

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
PERIOD COVERED	1
PROCEDURES.....	1
RELIANCE UPON OTHERS.....	2
SUMMARY OF SIGNIFICANT FINDINGS	2
SUBSEQUENT EVENTS	2
COMPANY HISTORY	2
GENERAL	2
DIVIDENDS AND CAPITAL CONTRIBUTIONS.....	3
MERGERS AND ACQUISITIONS.....	3
CORPORATE RECORDS	3
MANAGEMENT AND CONTROL	3
CORPORATE GOVERNANCE	3
●FFICERS	4
HOLDING COMPANY, SUBSIDIARIES AND AFFILIATES.....	4
ORGANIZATIONAL CHART.....	5
AFFILIATED TRANSACTIONS	6
TERRITORY AND PLAN OF OPERATION	7
GROWTH OF COMPANY AND LOSS EXPERIENCE	8
REINSURANCE	8
GENERAL	8
ASSUMED	8
CEDED.....	9
FINANCIAL STATEMENTS	10

ASSETS	11
LIABILITIES, SURPLUS AND OTHER FUNDS.....	12
STATEMENT OF INCOME.....	13
RECONCILIATION OF SURPLUS	13
COMMENTS ON FINANCIAL STATEMENT ITEMS.....	14
EXAMINATION CHANGES	14
SUMMARY OF RECOMMENDATIONS	14
ACKNOWLEDGMENT.....	15
VERIFICATION.....	15
SUPERVISION	16

Jefferson City, Missouri
January 31, 2020

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

New Horizons Insurance Company of Missouri

hereinafter referred to as such, as NH, or as the Company. Its administrative office is located at 701 South Country Club Drive, Jefferson City, Missouri, 65109, telephone number (573) 893-1400. This examination began on April 10, 2019, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a full scope financial examination of NH. The last examination was completed as of December 31, 2014. This examination covers the period of January 1, 2015, through December 31, 2018. This examination also included the material transactions or events occurring subsequent to December 31, 2018.

This examination was performed concurrently with the Department examinations of the Company's affiliates: Farm Bureau Life Insurance Company of Missouri (FBL), Farm Bureau Town & Country Insurance Company of Missouri (FBTC) and Legacy Life Insurance Company of Missouri (LLIC).

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 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. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating 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. The following key activities were identified during the examination: Investments, Premiums and Underwriting, Claims Handling, Reserving, Reinsurance, and Related Party Transactions.

The examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

Reliance Upon Others

The examiners relied upon information supplied by the Company's independent auditor, Williams-Keepers, LLC, of Columbia, Missouri, for its audits covering the periods of January 1, 2017, through December 31, 2017, and January 1, 2018, through December 31, 2018. Areas in which the testing and results from the CPA workpapers were relied upon in our examination included, but was not limited to, fraud risk analysis, journal entry testing, internal control narratives, tests of internal controls, and substantive testing.

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.

SUBSEQUENT EVENTS

Effective January 1, 2019, the Company's 90% quota share agreement with Barton Mutual Insurance Company (Barton) was terminated. For the year ended December 31, 2018, assumed premiums from Barton totaled \$14.3 million, which accounted for 73% of net written premiums.

COMPANY HISTORY

General

NH was incorporated on August 17, 2005, under the laws of the State of Missouri and commenced business on November 8, 2005. The Company operates as a stock property and casualty insurer under the insurance laws of Chapter 379 RSMo (Insurance Other Than Life).

Dividends and Capital Contributions

The Bylaws allow for dividends to be paid on common stock shares, pursuant to a declaration of the Board of Directors. However, no dividends were declared or paid by NH during the examination period.

No capital or surplus contributions were received during the examination period.

Mergers and Acquisitions

There were no mergers or acquisitions involving the Company or the holding company system of the ultimate parent, Missouri Farm Bureau Federation (MFB-Federation), during the examination period.

CORPORATE RECORDS

The Company’s Articles of Incorporation and Bylaws were reviewed for changes. There were no amendments during the examination period. The minutes of the shareholders, Board of Directors, and relevant committee 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.

MANAGEMENT AND CONTROL

Corporate Governance

The management of the Company is vested in a Board of Directors, which is appointed by the shareholders. The Company’s Bylaws specify that the Board of Directors shall consist of twelve members. The directors of the ultimate parent, MFB-Federation, simultaneously serve as directors all of its subsidiaries, including NH. The Board of Directors appointed and serving, as of December 31, 2018, were as follows:

<u>Name</u>	<u>Address</u>	<u>Principal Occupation and Business Affiliation</u>
Charles J. Bassett	Dixon, MO	Farmer, Self-Employed
Frank L. Baxter	Rogersville, MO	Farmer, Self-Employed
Amy J. Estes	Rosebud, MO	Regional Manager, Ayusa
Mary C. Fischer	Rockville, MO	Executive Secretary, First Christian Church
Sharon M. Arnold	Drexel, MO	Branch Manager, Hawthorn Bank
Jason W. Kurtz	Oregon, MO	Farmer, Self-Employed
Todd P. Hays	Monroe City, MO	Farmer, Vice-President of MFB-Federation
Charles B. Hurst	Tarkio, MO	Farmer, President of MFB-Federation
Andy H. Clay	Jamestown, MO	Farmer, Self-Employed
Barry B. Bean	Gideon, MO	Owner, Bean & Bean Cotton Co.
Drew E. Lock	La Plate, MO	Farmer, Self-Employed
Christopher D. Brundick	Argyle, MO	Farmer, Self-Employed

The Company has three board committees which include the Audit Committee, Compensation Committee, and Per Diem & Expense Committee. Each board committee consists of four individuals who are members the Board of Directors. The Company also has five management committees which include the Investment Committee, Personnel Committee, Reinsurance Committee, Long Term Planning Committee, and 401(k) Committee. The management committees consist of management and staff members from all areas of the Company.

Officers

The officers elected by the Board of Directors and serving as of December 31, 2018, were as follows:

<u>Officer</u>	<u>Position</u>
Charles B. Hurst	President
Todd P. Hays	Vice-President
Daniel L. Cassidy	Secretary and Chief Administrative Officer
Randall J. Campbell*	Treasurer and Chief Financial Officer

* Effective April 30, 2019, Randall Campbell retired, and Jana Oliver was appointed to fill the Treasurer and Chief Financial Officer positions.

Holding Company, Subsidiaries and Affiliates

The Company 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 holding company, Missouri Farm Bureau Services, Inc. (MFB-Services), on behalf of NH and its other insurance subsidiaries for each year of the examination period. NH is ultimately owned 100% by Missouri Farm Bureau Federation (MFB-Federation).

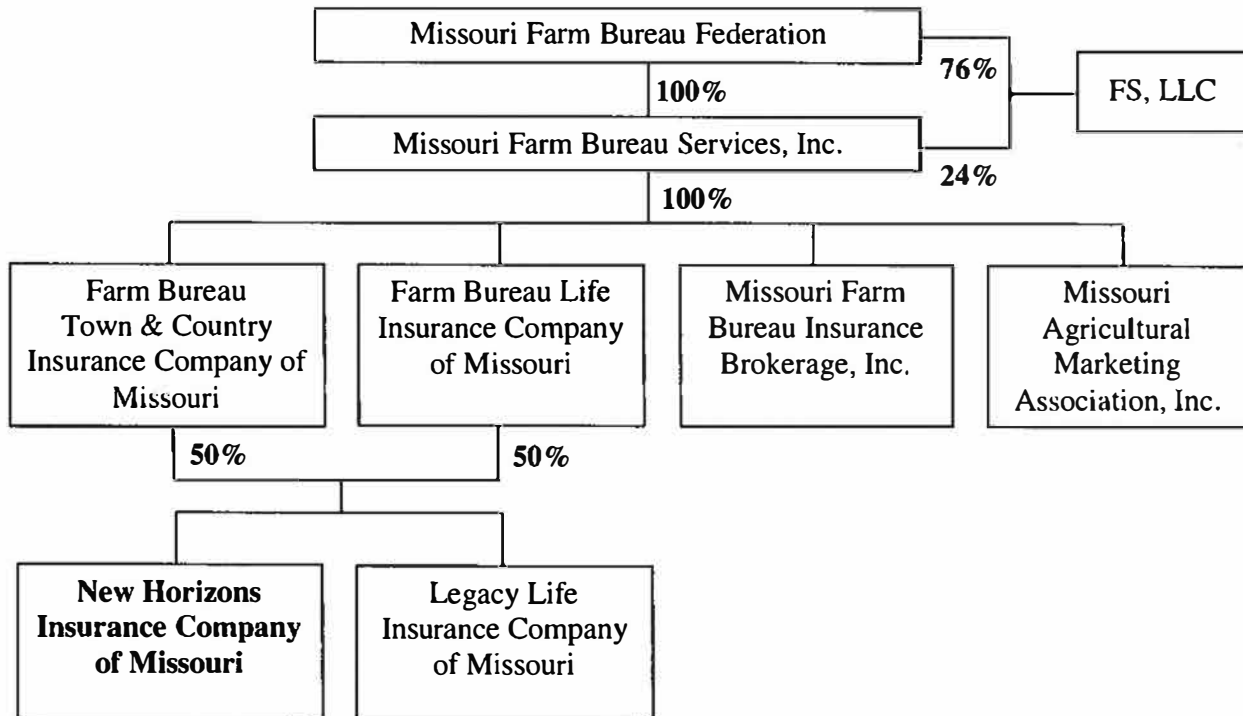
Below is a description of the business operations of all affiliated entities.

- **MFB-Federation** – The ultimate parent company is a not-for-profit organization that promotes the interests of its member farmers and the agriculture industry. Profits from the insurance operations of FBTC, FBL, LLIC and NH are the main source of income for the consolidated operations of MFB-Federation.
- **MFB-Services** – A holding company that directly or indirectly owns all insurance entities. Employees of MFB-Services conduct most of the daily operations of the insurance entities.
- **FBTC** – A property and casualty insurer that writes primarily homeowners, farmowners, automobile physical damage and automobile liability lines of business.
- **FBL** – A life insurance company that offers mostly whole life, term life and individual annuity products.
- **LLIC** – Markets products very similar to those currently offered by FBL focusing on term and whole life insurance to the Spanish speaking population. Product offerings in states other than Missouri will be marketed directly to the consumer via electronic platforms.

- **Missouri Farm Bureau Insurance Brokerage, Inc. (Brokerage)** – A brokerage designed to place insurance coverages either not offered by or not available through FBTC, FBL, LLIC or NH. Coverages offered range from workers' compensation, non-standard automobile, professional liability, individual and group health products, disability, Medicare supplements, long-term care and many specialty coverages.
- **Missouri Agricultural Marketing Association, Inc.** – A dormant entity that had no business operations during the examination period.
- **FS, LLC** – An entity formed in 2006 for the sole purpose of holding ownership to the main office building in Jefferson City, Missouri. Ownership of the building was transferred from MFB-Federation to FS, LLC at the time of its formation to provide tax advantages that could not be utilized by MFB-Federation.

Organizational Chart

Below is an organizational chart reflecting NH's ownership and affiliates, as of December 31, 2018. [Note: All entities incorporated / domiciled in Missouri.]



Affiliated Transactions

The Company is a party to significant affiliated agreements in effect as of December 31, 2018, as outlined below:

Service Agreement

Parties: FBL, FBTC, NH, LLIC, Brokerage and MFB-Services
Effective: January 1, 2018
Terms: MFB-Services provides administrative, accounting, investment, information technology, customer support, actuarial, and various other services to FBL, FBTC, NH, and LLIC. Expenses are allocated on an actual cost basis.

Space Rent Agreement

Parties: FBL, FBTC, NH and FS, LLC
Effective: July 1, 2013
Terms: FS, LLC provides office space to accommodate the business operation of the entities under this agreement. The rent due under the agreement is billed monthly and payable within thirty days. Rents are computed based upon the pro rata square footage assigned to each entity.

Claims Service Agreement

Parties: NH and FBTC
Effective: January 1, 2006
Terms: FBTC provides NH with claims adjusting and claims payment services. Fees are billed on an actual cost and per claim basis.

Cost Sharing Agreement

Parties: MFB-Services, MFB-Federation, FBTC, FBL, Brokerage, NH and LLIC
Effective: January 1, 2017
Terms: Under the terms of the agreement, the entities share and allocate the following costs: underwriting, sales, sales contests, promotional events, agents' payroll, partners for growth and operational.

Allocation of Consolidated Tax Liability Agreement

Parties: MFB-Services, MFB-Federation, FBTC, FBL, Brokerage, NH, LLIC and Missouri Agriculture Marketing Association
Effective: October 1, 2016
Terms: Under the terms of the agreement, each member of the group agrees to pay its share of the consolidated federal income tax liability as allocated among the members under the rules provided by the IRS.

TERRITORY AND PLAN OF OPERATION

NH is licensed only in the State of Missouri under Chapter 379 RSMo (Insurance Other Than Life). The major lines of business, based upon 2018 direct and net written premiums, are listed in the table below.

Line of Business	Direct Premiums	Net Premiums
Homeowners Multiple Peril	65.19%	51.16%
Farmowners Multiple Peril	15.94%	11.77%
Fire	14.07%	7.71%
Commercial Multiple Peril	0.00%	25.58%
All Other	4.80%	3.78%
Total	100.00%	100.00%

A policyholder must be a member of the ultimate parent, MFB-Federation, in order to be insured by NH. The Company currently only writes direct business in Missouri, and a majority of policyholders are located in rural areas. Over 70% of the Company’s 2018 total gross premiums consist of reinsurance assumed from a Missouri-domiciled mutual insurance company, which also only writes insurance in Missouri.

The Company and its 50% parent, FBTC, have a combined business plan. FBTC writes the preferred property risks and automobile business. NH specializes in providing property insurance for members that do not qualify for insurance under FBTC’s underwriting standards. As a result of this strategy, the Company generally insures higher risk properties and policyholders with sub-standard claims history.

Business for NH is produced by a captive agency sales force that are either employed by or contracted by an affiliate, Missouri Farm Bureau Insurance Brokerage, Inc. (MFB-Brokerage). As of December 31, 2018, MFB-Brokerage had 273 licensed producers and 8 regional managers, throughout the 114 counties in Missouri. The agents produce business exclusively for NH and its three affiliates, FBTC, FBL and LLIC. Any risks for lines of business not written by NH, FBTC, FBL or LLIC are placed by MFB-Brokerage with third-party insurers.

In 2017, NH broadened its marketing efforts to develop products and services to appeal to the Spanish-speaking market demographic in Missouri as well as obtaining licenses in the following states: Illinois, Nebraska, Nevada, New Mexico, Ohio and Oklahoma. The out-of-state business will be sold direct via the internet. This web-based platform is still in development and is anticipated to be completed in early 2020.

GROWTH OF COMPANY AND LOSS EXPERIENCE

Net income averaged approximately \$3.9 million per year for years 2015 through 2018, which contributed to surplus growth of more than \$10 million over the exam period. The growth and loss experience of the Company is summarized in the table below:

Year	Direct Premiums Written	Net Premiums Written	Benefit and Loss Payments	Capital and Surplus	Net Income
2015	\$5,425,416	\$28,113,871	\$10,322,216	\$22,597,163	\$4,058,982
2016	5,699,699	26,742,000	10,296,395	25,845,173	3,164,203
2017	6,256,276	25,403,655	12,443,148	27,724,910	2,455,251
2018	7,091,824	19,531,382	7,925,952	32,341,825	4,755,689

REINSURANCE**General**

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

	2015	2016	2017	2018
Direct Business	\$ 5,425,416	\$ 5,699,699	\$ 6,256,276	\$ 7,091,824
Reinsurance Assumed:				
Affiliates	120,000	130,000	150,000	220,000
Non-affiliates	24,790,439	23,180,814	21,352,438	14,375,777
Reinsurance Ceded:				
Affiliates	(787,706)	(1,014,134)	(899,596)	(976,360)
Non-affiliates	(1,434,278)	(1,254,379)	(1,455,463)	(1,179,859)
Net Premiums Written	\$28,113,871	\$26,742,000	\$25,403,655	\$19,531,382

Assumed

Since 2012, NH has assumed business from Barton Mutual Insurance Company (Barton) on a quota-share basis. The 2018 agreement, effective January 1, 2018, is a 90% quota share reinsurance agreement. NH's coverage limits are 90% of \$3.5 million per risk for property losses and 90% of \$3.0 million per occurrence for casualty losses. NH's aggregate liability limit from all combined losses resulting from any and all covered perils within a twelve-month period is 90% of \$100 million. The agreement includes a provisional ceding commission of 18.5%, subject to upward adjustment if certain loss ratios are attained. This agreement terminated effective December 31, 2018, and the arrangement was not renewed for 2019.

The Company assumes property business from FBTC under a catastrophe excess of loss contract. NH assumes losses in excess of a \$9 million retention, limited to \$1 million per occurrence. This agreement was terminated effective January 1, 2019.

The Company assumes property and casualty business on a retrocessional basis from American Agricultural Insurance Company (American Ag). American Ag has underlying reinsurance agreements to assume property catastrophe risks from approximately 24 insurers (including NH) that operate under the “Farm Bureau” name and write business in 35 states. NH and the other Farm Bureau insurers assume varying percentages of American Ag’s terrorism catastrophe losses from its primary reinsurance agreements under a pooling agreement. FBTC and NH collectively assume a 5.6664% share of the terrorism catastrophe pool, and the pool’s aggregate liability under the agreement is \$35 million.

Ceded

The Company cedes property business to FBTC under per risk and catastrophe excess of loss contracts. Under the per risk agreement, NH cedes assumes losses in excess of a retention of \$300,000, and FBTC’s limits are \$300,000 per risk and \$1 million per occurrence. Under the catastrophe agreement, NH cedes losses in excess of a \$1 million retention, limited to \$9 million per occurrence. The Company also cedes certain liability coverages to FBTC on an excess of loss basis. The retention under the agreement for NH is \$300,000, and FBTC’s limit of liability of \$600,000. All of these agreements were terminated effective January 1, 2019.

All of the Company’s external reinsurance coverage is provided by American Agricultural Insurance Company (American Ag) through multiple reinsurance agreements, on which both NH and FBTC are named as reinsureds.

Property risks are reinsured on an individual risk basis through an excess of loss agreement. The excess of loss agreement provides coverage for 100% of property losses in excess of a \$600,000 retention per risk with a reinsurance liability limit of \$29.4 million per risk.

Property catastrophe coverage is provided through agreements which cover non-terrorism and terrorism occurrences. The occurrence property and auto catastrophe agreement covers non-terrorism events, providing layered coverage totaling \$82 million per occurrence in excess of a retention of \$10 million and a 17% participation in the first \$10 million layer of coverage. The occurrence property catastrophe (terrorism) agreement covers terrorism events, which are excluded in the aforementioned agreement. The Company’s retention is \$7,437,400 per occurrence, and the reinsurer’s limit is \$14,874,800 per occurrence and in aggregate per year. The agreement also contains a secondary limitation that limits the reinsurer’s losses under all terrorism catastrophe agreements with all Farm Bureau companies to \$35 million per occurrence and in aggregate per year. In the event this secondary limit is exceeded, the Farm Bureau companies would recover losses on a pro rata basis, based on each company’s losses submitted under the contract in proportion to the total losses of all companies submitted under the contracts.

An additional catastrophe agreement, termed Over Other Protections (OOPS), is also in effect. Under the agreement, the Company has a retention of \$92 million per occurrence, and the reinsurer's limits are \$48 million per occurrence and \$96 million in aggregate. The agreement also contains a secondary limitation that limits the reinsurer's losses under all OOPS agreements with all Farm Bureau companies to \$200 million per occurrence and \$400 million in aggregate per year. In the event this secondary limit is exceeded, the Farm Bureau companies would recover losses on a pro rata basis, based on each company's losses submitted under the contract in proportion to the total losses of all companies submitted under the contracts.

Most liability risks are reinsured through an excess of loss agreement. The Company cedes 100% of risks in excess of a \$900,000 retention per occurrence with a maximum reinsurer liability limit of \$30,000,000 per occurrence. A separate reinsurance agreement provides coverage for umbrella liability risks. The Company cedes 90% of the first \$1,000,000 of umbrella risks and 100% of umbrella risks in excess of \$1,000,000.

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 agreement.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company for the period ending December 31, 2018. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements Items." 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 activity.

ASSETS
as of December 31, 2018

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	\$ 45,330,250	\$ 0	\$ 45,330,250
Common Stocks	3,273,987	0	3,273,987
Cash, Cash Equivalents and Short-Term Investments	7,874,375	0	7,874,375
Other Invested Assets	475,280	0	475,280
Investment Income Due and Accrued	376,314	0	376,314
Uncollected Premiums and Agents' Balances	1,394,152	1,960	1,392,192
Deferred Premiums	2,203,794	0	2,203,794
Amounts Recoverable from Reinsurers	138,945	0	138,945
Other Amounts Receivable under Reinsurance Contracts	776	0	776
Net Deferred Tax Asset	313,754	42,130	271,624
Receivables from Parent, Subsidiaries and Affiliates	45,841	0	45,841
Aggregate Write-In Assets	8,845	0	8,845
TOTAL ASSETS	<u>\$ 61,436,313</u>	<u>\$ 44,090</u>	<u>\$ 61,392,223</u>

LIABILITIES, SURPLUS AND OTHER FUNDS
as of December 31, 2018

Losses	\$ 11,192,270
Reinsurance Payable on Paid Losses	458,814
Loss Adjustment Expenses	2,350,685
Commissions Payable	4,357,722
Other Expenses	5,196,262
Taxes, Licenses and Fees	16,953
Current Federal Income Taxes	594,986
Unearned Premium	3,362,820
Advance Premium	993,744
Ceded Reinsurance Premiums Payable	235,791
Drafts Outstanding	189,248
Payable to Parent, Subsidiaries and Affiliates	75,012
Aggregate Write-Ins for Liabilities	<u>26,092</u>
TOTAL LIABILITIES	\$ 29,050,398
Common Capital Stock	1,200,000
Gross Paid-In and Contributed Surplus	11,800,000
Unassigned Funds (Surplus)	<u>19,341,825</u>
CAPITAL AND SURPLUS	\$ 32,341,825
TOTAL LIABILITIES AND SURPLUS	<u>\$ 61,392,223</u>

STATEMENT OF INCOME
For the Year Ended December 31, 2018

Premium Earned	\$ 25,816,124
DEDUCTIONS:	
Losses Incurred	9,673,153
Loss Adjustment Expenses Incurred	1,273,234
Other Underwriting Expenses Incurred	<u>10,603,371</u>
Total Underwriting Deductions	\$ 21,549,758
Net Underwriting Gain	\$ 4,266,366
Net Investment Income Earned	1,547,250
Net Realized Capital Losses	<u>58,491</u>
Net Investment Gain	\$ 1,605,741
Other Income	147,753
Federal Income Taxes Incurred	<u>1,264,171</u>
NET INCOME	<u>\$ 4,755,689</u>

RECONCILIATION OF SURPLUS
Changes from January 1, 2015 to December 31, 2018
(\$000's omitted)

	2015	2016	2017	2018
Capital and Surplus, Beginning of Year	\$ 18,694	\$ 22,597	\$ 25,845	\$ 27,725
Net Income	4,059	3,164	2,455	4,756
Change in Net Unrealized Capital Gains (Losses)	(90)	47	214	(307)
Change in Net Deferred Income Tax	(6)	45	(875)	211
Change in Non-Admitted assets	<u>(60)</u>	<u>(8)</u>	<u>86</u>	<u>(43)</u>
Change in Capital and Surplus for the Year	\$ <u>3,903</u>	\$ <u>3,248</u>	\$ <u>1,880</u>	\$ <u>4,617</u>
CAPITAL AND SURPLUS, END OF YEAR	<u>\$ 22,597</u>	<u>\$ 25,845</u>	<u>\$ 27,725</u>	<u>\$ 32,342</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

EXAMINATION CHANGES

None.

SUMMARY OF RECOMMENDATIONS

None.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of New Horizons Insurance Company of Missouri during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Brian Hammann, CPA, AFE, Anna Duncan, Kimberly Waller, and Kimberly Dobbs, CFE, AES, examiners for the Department, participated in this examination. Robert Daniel, ACAS, MAAA, of Merlino's & Associates, Inc., also participated as a consulting actuary.

VERIFICATION

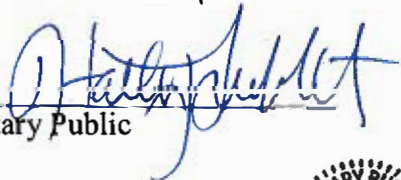
State of Missouri)
) ss
County of Cole)

I, Marc Peterson, 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 New Horizons Insurance Company of Missouri, 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.



Marc Peterson, CFE
Examiner-In-Charge
Missouri Department of
Commerce and Insurance

Sworn to and subscribed before me this 19th day of February, 2020.

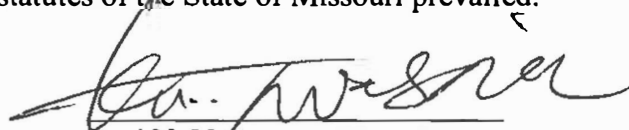
My commission expires: March 30, 2023

Notary Public



HALEY WEBB
My Commission Expires
March 30, 2023
Osage County
Commission #15634366

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.

A handwritten signature in black ink, appearing to read "Levi N. Nwasoria", written over a horizontal line.

Levi N. Nwasoria, CPA, CFE
Assistant Chief Financial Examiner
Missouri Department of
Commerce and Insurance