

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

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


ORDER

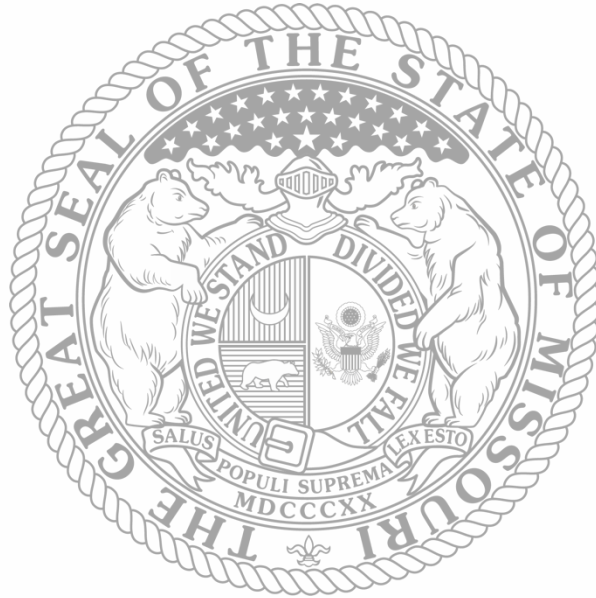
After full consideration and review of the report of the financial examination of Caldwell County Mutual Insurance Company for the period ended December 31, 2022, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director, 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 Caldwell County Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions; and (2) submit a signed copy of the minutes of the meeting which reflect a corporate resolution to the effect the Examination Report has been reviewed and accepted.

So ordered, signed and official seal affixed this 23rd day of February, 2024.




Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

CALDWELL COUNTY MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2022

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	1
COMPANY HISTORY	2
GENERAL.....	2
MANAGEMENT AND CONTROL	2
BOARD OF DIRECTORS	2
SENIOR OFFICERS	3
CONFLICT OF INTEREST.....	3
CORPORATE RECORDS.....	3
EMPLOYEE BENEFITS	3
FIDELITY BOND AND OTHER INSURANCE	3
INSURANCE PRODUCTS AND RELATED PRACTICES	3
TERRITORY AND PLAN OF OPERATIONS.....	3
POLICY FORMS AND UNDERWRITING PRACTICES.....	3
GROWTH OF COMPANY AND LOSS EXPERIENCE	4
REINSURANCE	4
GENERAL.....	4
ASSUMED REINSURANCE	4
CEDED REINSURANCE.....	4
ACCOUNTS AND RECORDS	5
FINANCIAL STATEMENTS	5
ASSETS.....	6
LIABILITIES, SURPLUS AND OTHER FUNDS.....	6

STATEMENT OF INCOME	7
RECONCILIATION OF CAPITAL AND SURPLUS	7
COMMENTS ON FINANCIAL STATEMENT ITEMS	8
FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION	8
SUMMARY OF RECOMMENDATIONS.....	8
SUBSEQUENT EVENTS.....	8
ACKNOWLEDGMENT	9
VERIFICATION.....	9
SUPERVISION	10

Kingston, Missouri
November 27, 2023

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

Caldwell County Mutual Insurance Company

hereinafter referred to as such, or as the Company. Its administrative office is located at 96 North Franklin Street, Kingston, Missouri 64650, telephone number (816) 586-3531. The fieldwork for this examination began on November 16, 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 Caldwell County Mutual Insurance Company. 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 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.

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 on February 5, 1895, as Caldwell County Mutual Insurance Company.

The Company has a Certificate of Authority dated December 12, 2016, and is covered by Sections 380.201 through 380.611 RSMo (Extended Missouri Mutual Insurance Companies). The Company's Certificate of Authority is renewed annually.

MANAGEMENT AND CONTROL

Board of Directors

In accordance with the Articles of Incorporation, the annual meeting of the Company's members is held on the third Wednesday in April at the home office of the Company or at such other place as may be designated by the Board of Directors. Ten members shall constitute a quorum at any membership meeting. Proxy voting is not permitted.

The management of the Company is vested in the Board of Directors, who are elected from the general membership. The Board of Directors consists of nine members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately six to nine times per year.

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

<u>Name and Address</u>	<u>Occupation</u>
W.W. Beckett Jr. Cameron, Missouri	Retired Business Owner
Christina Biggerstaff Kidder, Missouri	Insurance Agent
James Houseworth Carrollton, Missouri	Retired Banker
James Howell Polo, Missouri	Insurance Agent
Kipper Kleeman Braymer, Missouri	Insurance Agent
Richard Lee Hamilton, Missouri	Insurance Agent
Walter Snyder Hamilton, Missouri	Farmer
Kevin Stonum Lathrop, Missouri	Insurance Agent
Michael Strider Lathrop, Missouri	Bank President

Officers

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

<u>Name</u>	<u>Office</u>
Michael Strider	President
Kipper Kleeman	Vice President
Gina Peoples	Secretary
James Howell	Treasurer

Conflict of Interest

The Company has written conflict of interest procedures for the disclosure of material conflicts of interest or affiliations by its directors and officers. The Company’s directors and officers sign conflict of interest statements on an annual basis.

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

The Company has two full-time employees. The benefits provided to the employees include health insurance, life insurance, retirement, and annual leave.

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a fidelity bond providing a limit of liability of \$300,000. 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. The Company requires agents to purchase their own errors and omissions coverage and provide evidence of such coverage to the Company. Other insurance coverages carried by the Company include business property and liability coverage.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

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 six licensed agents, who receive a 15% commission on new and renewal business.

Policy Forms and Underwriting Practices

The Company utilizes Grinnell Mutual Reinsurance Company policy forms. Policies are written on a continuous period. Underwriting is performed by the agents and reviewed by the company manager. Claim adjusting services are performed by a third party.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company’s growth and loss experience 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	\$4,883	\$553	\$1,377	\$866	\$75	\$(56)	\$ 9
2021	4,971	650	1,312	382	108	16	102
2020	4,734	515	1,257	437	96	46	146
2019	4,568	494	1,209	434	95	65	144
2018	4,461	536	1,221	611	78	(149)	(89)

At year-end 2022, there were 1,073 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	\$ 1,221	\$ 1,209	\$ 1,257	\$ 1,312	\$ 1,377
Assumed	-	-	-	-	-
Ceded	(384)	(371)	(366)	(368)	(370)
Net Written	\$ 837	\$ 838	\$ 891	\$ 944	\$ 1,007

Assumed Reinsurance

The Company does not reinsure other companies.

Ceded Reinsurance

The Company has all of its reinsurance through Grinnell Mutual Reinsurance Company (the Reinsurer) under a single contract with multiple sections covering property and liability risks.

Under the per risk excess of loss section of the agreement, the Company retains \$125,000 per property risk, and the Reinsurer is responsible for the excess, limited to \$15,000,000.

Under the aggregate excess of loss section of the agreement, the Reinsurer is liable for 100% of the Company’s net losses which exceed the Company’s annual aggregate net retention, or attachment point, of \$800,000.

For liability risks, the Company cedes 100% to the Reinsurer and receives a 20% ceding commission.

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 an accrual basis. The firm of Harden, Cummins, Moss, & Miller, LLC compiles the Annual Statement and prepares tax filings.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of Caldwell County Mutual Insurance 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

Real Estate	\$ 32,455
Cash	4,757,237
Reinsurance Recoverable on Paid Losses	50,000
Computer Equipment	2,797
Federal Income Tax Recoverable	6,790
Interest Due and Accrued	19,579
Prepaid Insurance	5,884
Contingent Commission Receivable	8,471
TOTAL ASSETS	<u><u>\$ 4,883,213</u></u>

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2022

Unpaid Losses	\$ 37,250
Ceded Reinsurance Premium Payable	31,105
Unearned Premium	484,231
TOTAL LIABILITIES	<u>552,586</u>
Guaranty Fund	150,000
Other Surplus	4,180,627
TOTAL POLICYHOLDER SURPLUS	<u>4,330,627</u>
TOTAL LIABILITIES AND SURPLUS	<u><u>\$ 4,883,213</u></u>

STATEMENT OF INCOME
For the Year Ended December 31, 2022

Net Earned Assessment/Premium Income	\$ 1,007,382
Other Insurance Income	48,484
Net Losses & Loss Adjustment Expense	(636,053)
Underwriting Expenses	(475,408)
Underwriting Income (Loss)	\$ (55,595)
Investment Income	75,122
Investment Expenses	-
Net Investment Gain (Loss)	\$ 75,122
Other Income	738
Gross Profit or Loss	\$ 20,265
Federal Income Tax	(10,954)
NET INCOME (LOSS)	\$ 9,311

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	\$ 4,014	\$ 3,929	\$ 4,074	\$ 4,220	\$ 4,321
Net Income (Loss)	(89)	144	146	102	9
Ending Policyholder's Surplus	\$ 3,925	\$ 4,074	\$ 4,220	\$ 4,321	\$ 4,330

The 2019 beginning policyholder surplus reported by the Company exceeded 2018 ending policyholder surplus by approximately \$4,000, 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 Caldwell County Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

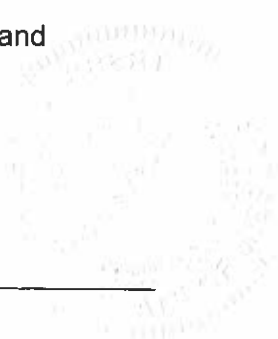
State of Missouri)
)
County of Cole) ss

I, Conner Nilges, 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 Caldwell County 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.

Conner Nilges
Conner Nilges, CFE
Certified Examiner
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 5th day of February, 2024.

My commission expires: March 30, 2027 Hailey Lubbert
Notary Public



HAILEY LUEBBERT
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES MARCH 30, 2027
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.

Michael R. Shadowens

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