STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

RE: Examination Report of Brinktown Farmers Mutual Insurance Company as of December 31, 2009

ORDER

After full consideration and review of the report of the financial examination of Brinktown Farmers Mutual Insurance Company for the period ended December 31, 2009, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 380.061, RSMo [if Part I], or 380.491, RSMo [if Part II], adopt such report. After my consideration and review of such report are incorporated by reference and deemed to be my findings and conclusions to accompany this order.

Based on such findings and conclusions, I hereby ORDER Brinktown Farmers 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) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions; and (3) 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 8th Day of June, 2011.

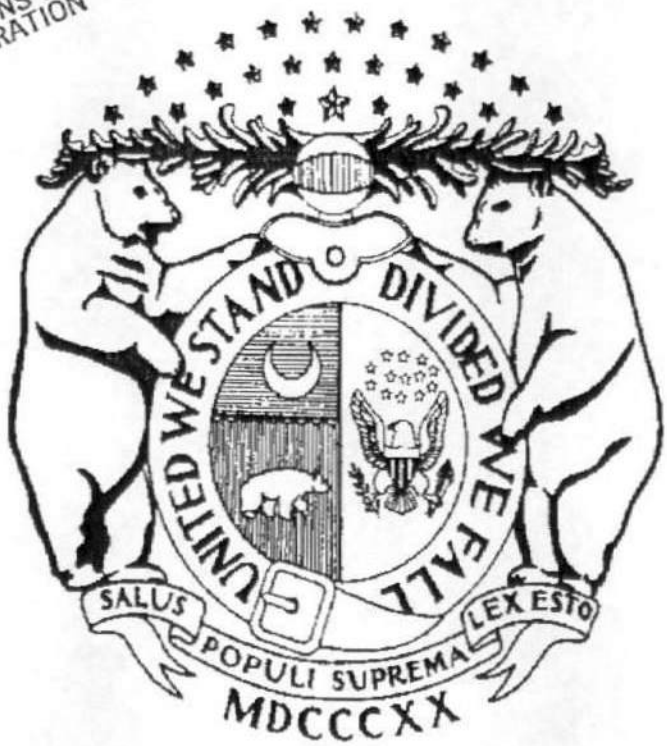
John M. Huff, Director
Department of Insurance, Financial Institutions and Professional Registration

REPORT OF THE
FINANCIAL EXAMINATION OF

BRINKTOWN FARMERS MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2009

FILED
JUN 0 8 2011
DIRECTOR OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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April 26, 2011
Vienna, Missouri

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Sir:

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

BRINKTOWN FARMERS MUTUAL INSURANCE COMPANY

hereinafter referred to as such, or as the "Company". The Company's administrative office is located at 1001 Vienna/Rolla Road (P.O. Box 308), Vienna, Missouri 65582, telephone number (573) 422-6332. This examination began on April 26, 2011, and concluded on the same date, and is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered

The prior examination of the Company was made as of December 31, 2004, and was conducted by examiners from the State of Missouri. The current examination covers the period from January 1, 2005, through December 31, 2009, and was conducted by examiners from the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP).

This examination also included material transactions and/or events occurring subsequent to the examination date, which are noted in this report.

Procedures

This examination was conducted using the guidelines set forth in the Financial Examiners Handbook of the National Association of Insurance Commissioners (NAIC), except where practices, procedures and applicable regulations of the DIFP and statutes of the State of Missouri prevailed.

Comments-Previous Examination Report

There were no comments or recommendations in the previous examination.

HISTORY

General

The Company was originally established in 1915 as Brinktown Farmers Mutual Insurance Company of Maries County, and was incorporated in 1934. The Company changed its name to Brinktown Farmers Mutual Insurance Company in 1983. The Company operates under Sections 380.011 through 380.151 RSMo. (Missouri Mutual Insurance Companies).

Management

In accordance with the Articles of Incorporation, the annual meeting of the Company's members is held on the first Saturday in March at the home office of the Company or at such other place as may be designated by the Board of Directors. Special meetings of the members may be called by the Board of Directors at any time, and shall be called upon petition of one-fourth of the members. Eight m embers 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 six members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately every quarter, and the directors are compensated $50 per meeting attended.

Members serving on the Board of Directors as of December 31, 2009, were as follows:

Name and Address	Occupation	Term
Daniel Wansing Dixon, Missouri	Banker/Farmer	2007-2010
Rita Henderson Vienna, Missouri	Retired	2009-2012
Alice Ready Vienna, Missouri	Realtor/Insurance Secretary	2008-2011

Martin Bauer Dixon, Missouri	Self-Employed/Farmer	2007-2010
Vernon Zimmer Brinktown, Missouri	Retired/Farmer	2009-2012
Rob Pendleton Dixon, Missouri	Lawn Service Owner	2008-2011

The Board of Directors appoints for a term of one year, the officers of the Company. The officers of the Company serving at December 31, 2009, were as follows:

Daniel Wansing	President
Martin Bauer	Vice-President
Barbara Bazinet	Secretary
Rita Henderson	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 has its directors and officers sign conflict of interest statements on an annual basis. A review of the signed statements noted no material potential conflicts disclosed.

Corporate Records

A review was made of the Articles of Incorporation and the Bylaws of the Company. Neither the Articles of Incorporation nor the Bylaws were amended during the examination period.

The minutes of the membership and the Board of Directors' meetings were reviewed for the period under examination. The minutes and records of the Company appear to properly reflect corporate transactions and events.

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a fidelity bond providing a limit of liability of $25,000. The fidelity bond coverage of the Company meets the minimum amount suggested in the guidelines promulgated by the NAIC, which is $25,000.

The Company carries liability coverage for their directors and officers, as well as errors and omissions coverage for its agents. The Company also carries general liability insurance and property insurance on its home office contents.

The insurance coverage appears adequate.

EMPLOYEE BENEFITS

The Company has one part-time employee. No employee benefits, outside of hourly compensation, are provided by the Company.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

The Company operates as a Missouri Mutual Insurance Company under Sections 380.011 through 380.151 RSMo. (Missouri Mutual Insurance Companies). The Company is authorized to write fire and wind insurance in Maries county and all adjoining counties in the State of Missouri. The Company writes fire and wind coverages. The Company's policies are marketed by six agents, who are also the directors of the Company. Commissions paid to agents are equal to $2 per $1,000 of insurance on new business and 10% of premiums written on renewal business.

Policy Forms and Underwriting Practices

The Company utilizes AAIS and MAMIC policy forms. The policies have a five year term. Property inspections and adjusting are performed by the agents. Independent adjusters are utilized, as deemed necessary. Rates are determined by the Board of Directors. Renewal billings are mailed directly to the insured.

GROWTH AND LOSS EXPERIENCE OF THE COMPANY

Year	Admitted Assets	Liabilities	Gross Assessments	Gross Losses	Investment Income	Underwriting Income	Net Income
2009	$1,828,089	$ 0	$228,751	$ 24,604	$51,504	$ 37,201	$ 88,705
2008	1,739,383	0	223,030	83,489	67,422	(36,014)	31,408
2007	1,707,975	0	218,908	100,684	66,045	(28,425)	37,620
2006	1,670,355	0	214,795	92,122	51,935	(40,613)	11,322
2005	1,659,033	0	208,613	191,199	38,035	193	38,228

At year-end 2009, 764 policies were in force.

REINSURANCE

General

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

	2005	2006	2007	2008	2009
Direct	$ 208,613	$ 214,795	$ 218,908	$ 223,030	$ 228,751
Assumed	0	0	0	0	0
Ceded	(87,244)	(108,403)	(93,920)	(105,145)	(104,925)
Net	$ 121,369	$ 106,392	$ 124,988	$ 117,885	$ 123,826

Assumed

The Company does not reinsure other companies.

Ceded

The Company's reinsurance program is brokered through Guy Carpenter & Company, LLC. (Guy Carpenter) and consists of various contracts with multiple reinsurers (reinsurer).

Under the property per risk excess of loss agreement, the Company retains $30,000 in losses per risk and the reinsurer's limits are $500,000 per loss and $600,000 per occurrence. The reinsurer also agrees to pay loss adjusting expenses (LAE) in the same proportion as the reinsurer's paid losses to total losses incurred by the Company. Under the property catastrophe excess of loss

contract, the reinsurer is liable for losses and LAE in excess of $64,000, limited to 95% of $1,000,000 for the first layer and 100% of $1,000,000 for the second layer. Under the aggregate excess of loss agreement, the reinsurer is liable for 95% of property losses and LAE in excess of 75% of the Company's earned property premium income, limited to 95% of $2,000,000. Participating reinsurers in the 2009 property reinsurance program included Arch Reinsurance Company (38.5%), QBE Reinsurance Corporation (24.7%), Lloyd's Underwriting Syndicate #2987 BRT (14.2%), The Toa Reinsurance Company of America (11.7%), Employers Mutual Casualty Company (5.7%), and Scor Reinsurance Company (5.2%).

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that any assuming reinsurer should fail to perform its obligations under its reinsurance agreement with the Company.

ACCOUNTS AND RECORDS

The accounting records are maintained by the Company on a cash basis. The Company prepares the Annual Statement. The firm of Lloyd Bowden, CPA, prepares the Company's tax filings.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company for the period ending December 31, 2009, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the Annual Statement and/or comments regarding such are made in the "Notes to the Financial Statements," which follow 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 differences found in the course of this examination, which are not shown in the "Notes to the Financial Statements." These differences were determined to be immaterial, concerning their effect on the financial statements. Therefore, they were communicated to the Company and noted in the workpapers for each individual annual statement item.

ANALYSIS OF ASSETS
December 31, 2009

Cash	$ 1,768,089
Other Investments	60,000
Total Assets	$ 1,828,089

LIABILITIES, SURPLUS AND OTHER FUNDS
December 31, 2009

Net Unpaid Losses	$ 0
Total Liabilities	$ 0
Total Surplus	1,828,089
Total Liabilities and Surplus	$ 1,828,089

STATEMENT OF INCOME
For the Year Ending December 31, 2009

Net Assessments Earned	$ 123,826
Net Losses & Loss Adjustment Expenses Incurred	(27,120)
Other Underwriting Expenses Incurred	(59,504)
Net Underwriting Income (Loss)	$ 37,201
Investment Income	51,504
Gross Profit (Loss)	$ 88,706
Federal Income Tax	(0)
Net Income (Loss)	$ 88,706

CAPITAL AND SURPLUS ACCOUNT
December 31, 2009

Policyholders' Surplus, December 31, 2008	$ 1,739,383
Net Income (Loss)	88,706
Policyholders' Surplus, December 31, 2009	$ 1,828,089

NOTES TO THE FINANCIAL STATEMENTS

There were no notes to the financial statements.

EXAMINATION CHANGES

There were no examination changes.

GENERAL COMMENTS AND RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

None.

ACKNOWLEDGMENT

The assistance and cooperation extended by the employees of Brinktown Farmers Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Shannon W. Schmoeger 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 the facts appearing upon the books, records or other documents of the 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.

Shannon W. Schmoeger, CFE
Financial Examiner
Missouri DIFP

Sworn to and subscribed before me this 10 day of May, 2011.

My commission expires:

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

DAVID SCOTT FORREST
My Commission Expires
August 27, 2013
Boone County
Commission #09545654

Notary Public

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.

Mark Nance, CFE, CPA
Audit Manager – Kansas City
Missouri DIFP