REPORT OF THE
FINANCIAL EXAMINATION OF

CAMERON COUNTRY MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2006

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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August 23, 2007
Cameron, Missouri

Honorable Douglas M. Ommen, 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

CAMERON COUNTRY MUTUAL INSURANCE COMPANY

hereinafter referred to as such, or as the "Company". The Company's administrative office is located at 214 McElwain Drive, Cameron, Missouri 64429, telephone number (816) 632-6511. This examination began on August 20, 2007, and was concluded on August 23, 2007, and is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered

The prior full-scope examination of the Company was made as of December 31, 2001, and was conducted by examiners from the State of Missouri. The current full-scope examination covers the period from January 1, 2002, through December 31, 2006, 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

The comments, recommendations, and notes of the previous examination report dated December 31, 2001, are listed below followed by the Company's response and the current examination findings regarding such comments, recommendations and notes.

Corporate Records

Comment: It was recommended the Company file its amended Bylaws with the DIFP and to ensure that all future amendments are properly filed.

Company Response: The amended bylaws have been filed with the DIFP.

Current Findings: The Company properly filed its amended bylaws with the DIFP.

Intercompany Transactions

Comment: The Company was directed to ensure that all intercompany agreements and related amendments are properly filed with the DIFP as required by RSMo. 380.611 (2) (Managing Agreements).

Company Response: The Company has filed and obtained approval from the DIFP for all intercompany contracts.

Current Findings: The Company has properly filed its agreements with affiliates with the DIFP.

Comment: The Company was directed to amend its Contract for Services agreement to include the monthly EDP workstation charges and reimbursement of the R&D Department Manager salary percentage and to file the amended agreement with the DIFP for approval.

Company Response: The contract was filed with the DIFP as of January 2003.

Current Findings: The Company amended and filed the agreement as recommended. The agreement was subsequently approved by the DIFP.

Growth and Loss Experience of the Company

Comment: The Company was directed to continue efforts to stabilize the Company's financial performance and to submit the 2003 business plan to the DIFP upon its completion.

Company Response: The Company submitted to the DIFP its 2003 budget and business plan, along with a plan of turning the Company into more of a reinsurer and not as much of a direct writing company.

Current Findings: The Company made the submissions to the DIFP as recommended. The financial performance appeared to become more stable during the current examination period.

Accounts and Records

Comment: The Company was once again directed to automate all aspects of its accounting and reporting environment.

Company Response: The Company has been added to the automated accounting and reporting system.

Current Findings: The accounting and reporting of the Company are adequately automated.

Comment: It was recommended the Company implement a process of calculating IBNR by reinsured companies on an annual basis. It was further recommended the Company provide more detailed information and development of such losses as part of its annual statement filing and to prepare and maintain summary loss reserving and development information (loss triangles) as part of its future annual statements.

Company Response: The Company currently calculates an IBNR based on a percentage of case reserves.

Current Findings: The current methodology utilized by the Company to calculate IBNR reserves appears reasonable. The IBNR reserve is included in the unpaid losses reported by the Company on the annual statement.

HISTORY

General

The Company was originally incorporated on May 14, 1921, as the Farmers Mutual Insurance Company of Sikeston. On July 19, 1983, the Company officially changed its name to Cameron Country Mutual Insurance Company. The Company's home office was moved to Cameron, Missouri in 1986.

The Company has a Certificate of Authority dated November 29, 1994, 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

In accordance with the Articles of Incorporation, the annual meeting of the Company's members is held on the second Thursday in March at the home office of the Company or at such place designated by the Board of Directors. Special meetings may be called by the President at the direction of the Board of Directors at any time and shall be called upon petition of one-fourth of the members. Ten members shall constitute a quorum at any membership meeting. Proxy voting is 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 every quarter. Directors receive an annual retainer of $2,000 and an annual fee of $2,500, with the exception of the chairman who receives an annual retainer of $3,000 and an annual fee of $2,600.

Members serving on the Board of Directors as of December 31, 2006, were as follows:

Name and Address	Occupation	Term
Gary W. Black 729 West 15th Street Trenton, Missouri	Insurance Agent	2004-2007
Gayle W. Cobb 1301 Frazier Road Clever, Missouri	Insurance Agent	2006-2009
Darwin G. Copeman 1202 Aerie Lane Cameron, Missouri	President/CEO – Cameron Insurance Companies	2005-2008
Lewis R. Crist 175 Cherry Hills Meadows Wildwood, Missouri	Retired/Consultant	2004-2007
Robert L. Cummings 6028 Lakepoint Drive Springfield, Missouri	Certified Public Accountant	2005-2008
Doyle W. Nimmo Box 1460 Buffalo, Missouri	Insurance Agent	2006-2009
Kent Osborn 1207 Aerie Lane Cameron, Missouri	Treasurer – Cameron Insurance Companies	2006-2009
Neil G. Nuttall 11 Northeast Highway Y Trenton, Missouri	President – North Central Missouri College	2005-2008
William R. Settles 1504 Ganton Drive Dexter, Missouri	Retired/Insurance Agent	2004-2007

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, 2006, were as follows:

Lewis R. Crist	Chairman
Darwin G. Copeman	President
Kent Osborn	Executive Vice President/Vice President/Treasurer
Janet K. Stonum	Secretary
Jack Randall	Assistant Vice President

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, which requires the annual completion of conflict of interest statements. A review of the statements noted that potential conflicts disclosed included that some of the directors are also directors and/or officers of the Company's affiliates and other Missouri Mutual Insurance Companies. In addition, some directors are also agents that represent other companies. Due to the long-standing relationship that has been in place between the Company and these directors, any conflicts which are of appearance in nature are not considered material for the purposes of this examination.

Corporate Records

A review was made of the Articles of Incorporation and the Bylaws of the Company. There were no amendments to the Articles of Incorporation or Bylaws during the examination period.

The minutes of the membership and the Board of Directors' meetings were reviewed for the period under examination. The membership meeting minutes did not clearly disclose the number of members present at membership meetings, which is necessary to document whether quorum requirements are met. It is recommended the Company document the members present at meetings in future membership meeting minutes.

AFFILIATED COMPANIES

Holding Company, Subsidiaries and Affiliates

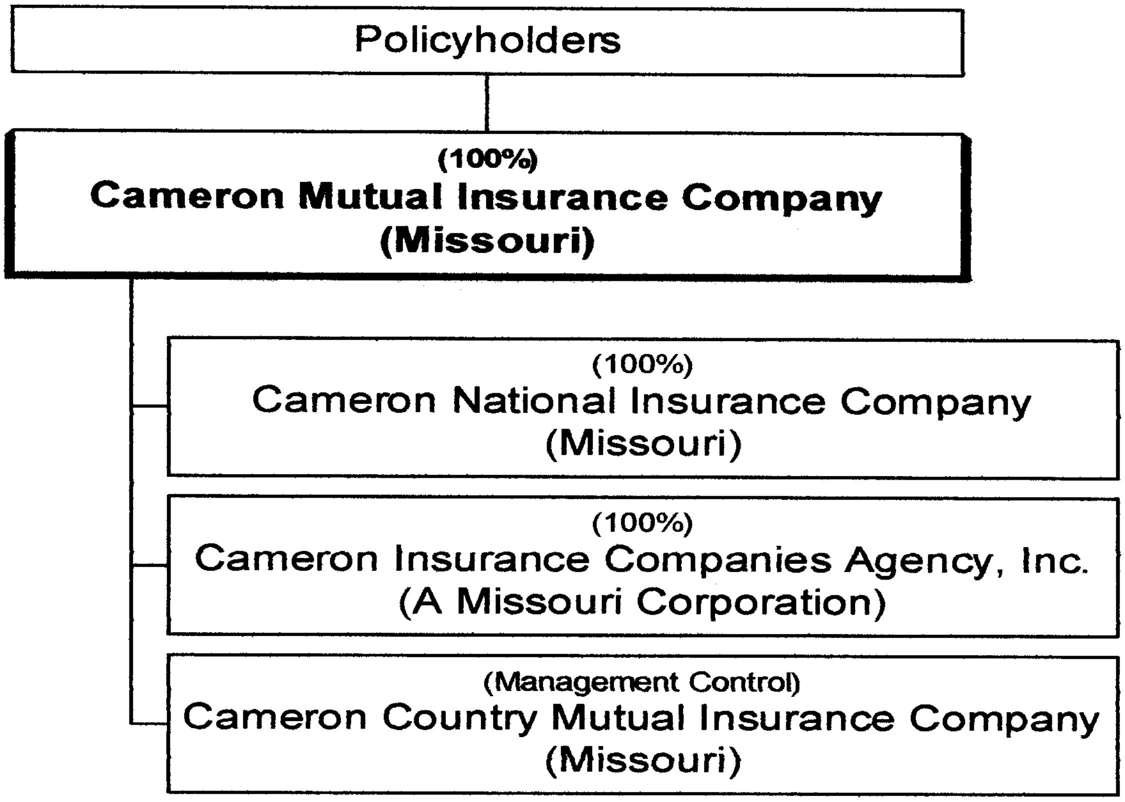
The Company is a member of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). Cameron Mutual Insurance Company (Cameron Mutual) is the ultimate controlling entity within the holding company system. As a mutual organization, Cameron Mutual is owned by its policyholders.

Cameron Mutual wholly owns Cameron National Insurance Company, a Missouri property and casualty insurance company, and Cameron Life Agency, Inc. (Cameron Agency), a Missouri corporation. In addition, by virtue of common management and a Contract for Management Services, Cameron Mutual has effective control over Cameron Country.

Insurance Holding Company Registration Statements have been filed by Cameron Mutual with the State of Missouri on behalf of itself, Cameron National and Cameron Country for the period under examination.

Organizational Chart

The following organizational chart depicts the ownership and holding company structure of Cameron Country, as of December 31, 2006:



Affiliated Transactions

Significant agreements between the Company and affiliates are outlined below:

1. **Type:** Contract for Lease of Office Space
   Parties: Cameron Mutual and Cameron Country
   Effective: July 1, 2002
   Terms: Under the terms of the contract, Cameron Mutual will lease 1,200 square feet of office space at its home office location to Cameron Country at a monthly rental charge of $1,050.

2. **Type:** Contract for Services
   Parties: Cameron Mutual and Cameron Country
   Effective: January 1, 2003
   Terms: Under the terms of the agreement, Cameron Mutual will provide Cameron Country with equipment, supplies and services to support the business operation of Cameron Country. Services to be provided include personnel staffing and support, electronic data processing, accounting, claims adjusting, consulting and communication services. Services are to be provided on a cost basis, with monthly invoicing and settlements.

3. **Type:** Contract for Management Services
   Parties: Cameron Mutual and Cameron Country
   Effective: January 1, 2003

Terms:	Under the terms of the agreement, Cameron Mutual agrees to provide a qualified individual to manage the business operations of Cameron Country. Cameron Country will be charged 40% of the salary and benefits of the manager based upon time spent in day to day supervision and management of Cameron Country. Cameron Mutual will invoice Cameron Country on a monthly basis, with settlement to occur within thirty business days from receipt of the invoice.

4. **Type:** Vehicle Lease Agreement
Parties: Cameron Mutual and Cameron Country
Effective: April 1, 2003
Terms: Under the terms of the agreement, Cameron Mutual agrees to lease an automobile to Cameron Country at a monthly rate of approximately $496.00.

The amounts (paid) to and received from subsidiaries and affiliates during the period under examination under the above agreements were as follows:

	2006	2005	2004	2003	2002
Employee Staffing Agreement*(a)*	$ 0	$ 0	$ 0	$ 0	$312,650
Contract for Services & Physical Assets*(a)*	0	0	0	0	316,571
Contract for Lease of Office Space	12,600	12,600	12,600	12,600	12,000
Contract for Services	545,741	493,421	516,841	578,846	0
Contract for Management Services	32,188	31,723	31,723	31,222	0
Vehicle Lease Agreement	6,386	6,386	5,958	6,477	0
Net Amount (Paid)/Received	$596,915	$544,130	$567,122	$629,145	$641,221

(a) *The Employee Staffing Agreement and Contract for Services and Physical Assets were terminated and replaced during the examination period with the Contract for Services, the Contract for Management Services and the Vehicle Lease Agreement.*

The Company cedes business to Cameron Mutual under an excess of loss reinsurance agreement. The terms of the agreement are described in the Reinsurance section of this report.

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured, along with other affiliates, on a fidelity bond providing a limit of liability of $1,000,000 and a $10,000 deductible. The fidelity bond coverage of the Company meets the minimum amount suggested in the guidelines promulgated by the NAIC.

The Company and its affiliates carry directors and officers liability coverage with an aggregate limit of $4,000,000 and a $200,000 deductible for each claim.

The Company has no direct agents as it operates mainly as a reinsurer, and thus errors and omissions insurance is not carried by the Company.

Although the Company does not own its home office, the Company is a named insured, along with other affiliates, on a commercial liability policy.

The insurance coverage appears adequate.

EMPLOYEE BENEFITS

The Company does not have any direct employees. Employee services are provided pursuant to service contracts with Cameron Mutual. Benefits provided by Cameron Mutual to the employees include defined contribution retirement plan, 401(k) plan, profit sharing plan and medical, dental and life insurance. The Company appears to have made adequate provisions for the benefits in the financial statements.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

The Company is licensed by the DIFP as an Extended Missouri Mutual Company operating under Sections 380.201 through 380.611 RSMo. (Extended Missouri Mutual Insurance Companies). The Company is authorized to write fire, wind, liability and crop insurance in all counties in the State of Missouri. The Company operates primarily as a reinsurer, providing property and casualty reinsurance coverage to approximately thirty-five other Missouri Mutual Insurance Companies. The Company only has ten direct policies which insure property owned by current and former directors.

Policy Forms and Underwriting Practices

As the Company operates primarily as a reinsurer, it utilizes reinsurance contracts rather than policy forms in its business activity. The Company has individual reinsurance contracts with its reinsured companies which are renewed annually. The Company provides adjusting assistance to its reinsureds for property claims and provides all adjusting services for liability claims.

GROWTH AND LOSS EXPERIENCE OF THE COMPANY

	Admitted Assets	Liabilities	Gross Assessments	Gross Losses	Investment Income	Underwriting Income	Net Income
2006	$10,903,021	$ 5,644,233	$ 9,851,247	$ 8,301,836	$484,574	$ 508,571	$ 853,510
2005	9,801,624	5,396,345	10,086,278	4,681,708	395,905	1,415,457	1,788,781
2004	12,640,214	10,023,717	9,353,999	11,723,136	396,314	(143,676)	257,735
2003	10,723,181	8,364,419	7,557,779	7,579,900	469,529	(1,301,981)	(829,870)
2002	10,693,495	7,504,862	7,412,069	5,076,488	554,910	(676,545)	(93,242)

At year-end 2006, ten policies were in force, which is also the minimum quorum requirement at membership meetings per the Articles of Incorporation. In addition, Section 380.231(2) (Company Operations Limited to Missouri), requires the Company to maintain a minimum of one hundred members.

REINSURANCE

General

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

	2002	2003	2004	2005	2006
Direct	$1,356,044	$ 1,229,962	$ 847,020	$ 176,713	$ 0
Assumed	6,056,025	6,327,817	8,506,979	9,909,565	9,851,247
Ceded	(1,782,876)	(2,027,506)	(5,767,007)	(6,296,696)	(5,881,424)
Net	$5,629,193	$ 5,530,273	$ 3,586,992	$ 3,789,582	$ 3,969,823

Assumed

The Company has thirty-five per risk excess of loss reinsurance contracts with various Missouri Mutual Insurance Companies ("mutuals"). Under four of the contracts, the Company only assumes wind risks, while the remaining thirty-one contracts cover both fire and wind on a per risk basis. The agreements also contain provisions for the assumption of liability risks on a quota share basis.

Under the per risk property provisions of the agreements, the mutuals have a per risk retention, which ranges from $20,000 to $100,000. The Company is responsible for losses in excess of the retention, limited to $150,000 for confinement and commercial risks and $350,000 for all other risks. Under the catastrophe property provisions of the agreements, the Company is responsible for losses due to any one occurrence in excess of the stated retentions, which range from $50,000 to $648,000. Reinsurer limits for the catastrophe coverage ranges from $2,000,000 to $10,000,000. Under the aggregate excess property provisions of the agreement, the Company is responsible for losses if they exceed an attachment point level during the year. The attachment point is equal to either 75% or 80% of the mutual's net premium for the year, depending on the contract. Most of the aggregate contracts had limit provisions, under which the Company is responsible for 95% of losses in excess of the attachment point, with a $2,000,000 annual limit. Several of the aggregate contracts do not have limit provisions, under which the Company is responsible for 100% of losses in excess of the attachment point, with no annual limit.

The agreements also have quota share provisions for liability risks. Under the terms of these provisions, the Company assumes 100% of the risks and the mutuals receive a 22% ceding commission.

Ceded

The Company has two multiple line excess of loss agreements for property and casualty risks placed by intermediary Benfield, Inc. with various reinsurers. The multiple line excess of loss agreement has two layers. Under the first layer, the Company retains the first $200,000 per loss, and the reinsurers are responsible for the next $300,000, with a $900,000 per occurrence limit. The retention under the second layer is $500,000 and the reinsurers' limit is $500,000, with a $1,000,000 per occurrence limit. The reinsurer participation in both layers is identical, with participation of 50% by Platinum Underwriters Reinsurance, Inc., 40% by GE Reinsurance Corporation, and 10% by The Toa Reinsurance Company of America. Under the third multiple line excess of loss agreement, the Company retains the first $1,000,000 per loss and the reinsurers' limit is $3,000,000 per loss. The reinsurer participation in the contract consists of 45% by GE Reinsurance Corporation, 45% by Platinum Underwriters Reinsurance, Inc., and 10% by The Toa Reinsurance Company of America.

The Company also has a quota share reinsurance contract that provides additional coverage relating to the $200,000 retention for property risks under the aforementioned excess of loss agreement. The contract was placed by intermediary Guy Carpenter & Company, Inc. with Arch Reinsurance Company being the reinsurer. Under the terms of the contract, the Company cedes 80% of the premiums and risks to the reinsurer and receives a ceding commission equal to 6% of the premium ceded plus any commissions or bonuses paid by the Company. The contract limits the liability of the reinsurer to $15,000,000 per loss occurrence.

The Company has a multiple line aggregate excess of loss agreement with its affiliate Cameron Mutual. Under the terms of the agreement, Cameron Mutual is responsible for losses in excess of an attachment point equal to a loss ratio of 72.4%, up to a limit of coverage of 23.6% of net earned premium under the contract.

The Company and its affiliates Cameron Mutual and Cameron National have an underlying property catastrophe excess of loss reinsurance contract placed by intermediary Benfield, Inc. with various Lloyd's Underwriters. Under the agreement, the Company has an annual aggregate deductible of 95% of $1,000,000 plus a per occurrence retention of $1,500,000. The reinsurer is liable for 95% of $1,000,000 per occurrence in excess of the aforementioned retention and deductible. The contract is subject to one full reinstatement, thus limiting the reinsurer's liability to 95% of $2,000,000 during the contract. As the loss retention and deductible on this contract was reached early in 2006, the Company also purchased additional backup coverage with similar contract terms, for protection in the event that the reinstatement on this contract was utilized and another large storm event occurred.

The Company and its affiliates Cameron Mutual and Cameron National have a property catastrophe excess of loss reinsurance contract placed by intermediary Benfield, Inc. with various reinsurers. The contract has three layers under which the collective losses of the three affiliates are considered. Under the first excess layer, the Companies' retention is $2,500,000 per occurrence, and the reinsurers are responsible for 95% of $2,500,000 in excess of the retention. Under the second excess layer, the Companies' retention is $5,000,000, and the reinsurers are responsible for 95% of $5,000,000 in excess of the retention. The Companies' retention is $10,000,000 under the third excess layer, and the reinsurers are responsible for 95% of $15,000,000 in excess of the retention. Each layer of the contract is subject to one full reinstatement. Primary reinsurers under the agreement include various Lloyd's Underwriters which collectively assume a 50% participation in each layer, Axis Specialty Limited which assumes a 15% participation of each layer and Ace Tempest Reinsurance Ltd which assumes a 10% participation of each layer.

The Company and its affiliates Cameron Mutual and Cameron National have a property catastrophe excess of loss reinsurance contract for the perils of wind and earthquake only, placed by intermediary Benfield, Inc. with various reinsurers. Under the terms of the agreement, the Companies' retention is $25,000,000 per occurrence, and the reinsurers are liable for 95% of $25,000,000 in excess of the retention. The contract is subject to one full reinstatement. Primary reinsurers under the agreement include various Lloyd's Underwriters which collectively assume a 50% participation in each layer, Axis Specialty Limited which assumes a 15% participation of each layer and Ace Tempest Reinsurance Ltd which assumes a 10% participation of each layer.

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 Company maintains its records on an accrual basis. The CPA firm of Van Quathem, Morgan and Thurmon, P.C. performed audits of the Company's financial statements for the years 2002 and 2003. The CPA firm of Clifton Gunderson, LLP performed audits of the Company's financial statement for the years 2004 through 2006, and prepares the Company's federal income tax returns.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company for the period ending December 31, 2006, 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, 2006

Bonds	$ 9,224,964
Cash on Deposit	716,036
Premium Receivable	384,682
Reinsurance Recoverable on Paid Losses	445,027
Interest Due & Accrued	107,889
Reinsurance Receivable	24,423
Total Assets	$ 10,903,021

LIABILITIES, SURPLUS AND OTHER FUNDS
December 31, 2006

Net Losses Unpaid	$ 2,023,130
Net Loss Adjusting Expense Unpaid	305,070
Ceded Reinsurance Payable	641,836
Unearned Premium	2,248,493
Federal Income Tax Payable	114,756
Other Liabilities	310,948
Total Liabilities	$ 5,644,233
Guaranty Fund	$ 1,600,000
Other Surplus	3,658,789
Total Surplus	5,258,789
Total Liabilities and Surplus	$ 10,903,021

STATEMENT OF INCOME
For the Year Ending December 31, 2006

Net Premiums Earned	$ 4,117,432
Other Insurance Income	237,919
Net Losses & Loss Adjustment Expenses Incurred	(2,161,381)
Other Underwriting Expenses Incurred	(1,685,399)

Net Underwriting Income (Loss)	$ 508,571
Investment Income	484,574
Other Income	6,569

Gross Profit (Loss)	$ 999,714
Federal Income Tax	(146,204)

Net Income (Loss)	$ 853,510
	=========

CAPITAL AND SURPLUS ACCOUNT
December 31, 2006

Policyholders' Surplus, December 31, 2005	$ 4,405,279
Net Income (Loss)	853,510

Policyholders' Surplus, December 31, 2006	$ 5,258,789
	=========

NOTES TO THE FINANCIAL STATEMENTS

There were no notes to the financial statements.

EXAMINATION CHANGES

There were no examination changes.

GENERAL COMMENTS AND RECOMMENDATIONS

Corporate Records (Page 4)

It is recommended the Company document the members present at meetings in future membership meeting minutes.

SUBSEQUENT EVENTS

Effective January 1, 2008, the Company will no longer assume property business from other Missouri Mutual Insurance Companies. The Company has entered into a joint venture with a reinsurance intermediary to offer renewals of property reinsurance to those companies in 2008. The Company will continue to offer liability reinsurance coverage.

ACKNOWLEDGMENT

The assistance and cooperation extended by the employees Cameron Country 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 4th day of October, 2007.

My commission expires:

March 4, 2008

Kathryn Randolph
Notary Public

KATHRYN RANDOLPH
MY COMMISSION EXPIRES
March 4, 2008
NOTARY SEAL
Cole County
NOTARY PUBLIC, STATE OF MISSOURI

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.

Frederick G. Heese, CFE, CPA
Chief Financial Examiner
Missouri DIFP