

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

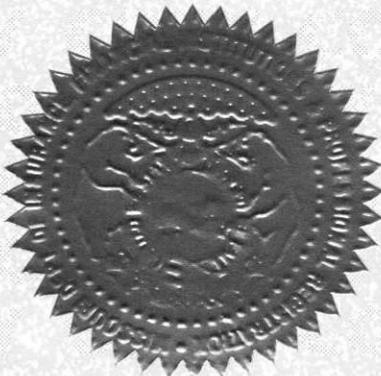
RE: Examination Report of MAMIC Mutual Insurance Company as of December 31, 2009

ORDER

After full consideration and review of the report of the financial examination of MAMIC 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 MAMIC 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.

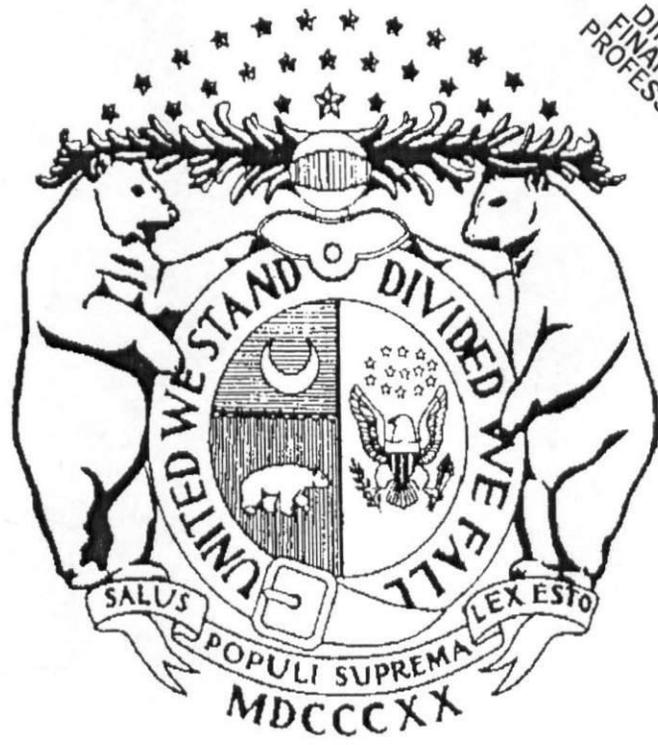
So ordered, signed and official seal affixed this 25th Day of October.



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

REPORT OF THE
FINANCIAL EXAMINATION OF
MAMIC Mutual Insurance Company

AS OF
DECEMBER 31, 2009



FILED
OCT 25 2010
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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September 17, 2010
Sikeston, 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

MAMIC Mutual Insurance Company

hereinafter referred to as "MAMIC" or as the "Company". The Company's home office and principal place of business is located at 912 S. Kingshighway, Sikeston, Missouri, telephone number (573)471-1534. This examination began on September 13, 2010, and was concluded on the above date, and is respectfully submitted.

SCOPE OF EXAMINATION

Period Covered

The prior full-scope examination was made as of December 31, 2004, and was conducted by examiners from the State of Missouri. The current full-scope 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 by 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 general comments and recommendations in the previous examination report and the subsequent action taken by the Company are listed below.

1. Comment:

It is recommended that the Company maintain a Fidelity Bond of no less than \$25,000.

Company Response:

“In regard to the Fidelity Bond, I have made application to an independent agent for purchase of such and while as of this date we have not received the bond we do expect it any day.”

Current Findings:

The Company now carries a Fidelity Bond which meets the minimum amount suggested by the NAIC.

2. Comment:

The Company is directed to maintain an unearned premium reserve.

Company Response:

“In regard to the Unearned Premium Reserve we had already visited with our CPA, Van de Ven, LLC, to set up the premium reserve prior to the exam.”

Current Findings:

The Company properly recorded an unearned premium reserve throughout the examination period.

HISTORY

General

MAMIC was originally established in 1946 as the Shield Fire Insurance Company. On December 28, 1989, the Company changed its name to FMH Mutual Insurance Company. On June 12, 2003, the Company changed its name to MAMIC Mutual Insurance Company.

Management

The Company is managed by a board of seven directors, each serving a staggered, three year term. Directors are elected at Annual Membership Meetings held the third Tuesday of March. Eight members constitute a quorum at Annual Membership Meetings. The board of directors meets once a year and is not compensated for attending meetings.

The Board consisted of the following members as of December 31, 2009:

<u>Name / Address</u>	<u>Occupation</u>	<u>Term</u>
Ron Borders 127 Greenbrier Drive Sikeston, MO 63801	President of Missouri Association of Mutual Insurance Companies	2009-2012
Philip Bibb, Jr. 22 W. Main Bowling Green, MO 63334	Director of Pike Mutual Insurance Company	2008-2011
Mike Kiefer 218 W. Ste. Maries St. Perryville, MO 63775	President of Perry County Mutual Insurance Company	2009-2012
Olan Stemme 200 E. First Hermann, MO 65041	Manager of Gasconade Farmers Mutual Insurance Company	2008-2011
Don Hemmann 11994 S. Hwy. 61 Uniontown, MO 63783	Manager of Arnsberg Farmers Mutual Insurance Company	2008-2011
Steve Underwood 113 Elm St. Washington, MO 63090	Manager of United Mutual Insurance Company	2007-2010
Charles Smith 118 S. W. Highway 60 Billings, MO 65610	Manager of Billings Mutual Insurance Company	2007-2010

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:

Ron Borders	President
Philip Bibb, Jr.	Vice-President

Mike Kiefer

Secretary-Treasurer

Conflict of Interest

The Company has its directors and officers sign conflict of interest statements on an annual basis. No potential material conflicts were disclosed during the examination period.

Corporate Records

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

The minutes of the board of directors meetings and annual membership meetings were also 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 has fidelity bond coverage providing a liability limit of \$25,000. This coverage meets the minimum amount of \$25,000 suggested in the guidelines promulgated by the NAIC. The bond is underwritten by Western Surety Company.

The Company is self-insured with regards to directors and officers liability exposure. No errors and omissions coverage is necessary since the Company has no agents. Also, since the Company does not own any real estate, no property or liability insurance coverage is carried.

EMPLOYEE BENEFITS

MAMIC has no employees. The Company has a Service Agreement with Mutual Insurance Service Corporation, a corporation wholly owned by the Missouri Association of Mutual Insurance Companies, in which the Service Company receives 15% of MAMIC's net written premium for the daily operational needs of the Company.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

The Company is licensed by the DIFP as an Extended Missouri Mutual Insurance Company operating under Sections 380.201 through 380.601 RSMo (Extended Missouri Mutual Insurance Companies). The Company is authorized to write fire, windstorm and liability coverage in all Missouri counties. Although the Company is licensed to write all three lines of business, it chooses only to write Directors and Officers liability and Errors and Omissions liability coverage. The Company has no agents. The President and Secretary of the Company process the policies.

Policy Forms and Underwriting Practices

The Company supplies its own policy forms. The Company's liability policies are continuous policies and are renewable annually. Rates are determined by the Board of Directors. Renewal billings are mailed directly to the insured.

GROWTH AND LOSS EXPERIENCE OF THE COMPANY

	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Gross Premiums</u>	<u>Gross Losses</u>	<u>Investment Income</u>	<u>Underwriting Income</u>	<u>Net Income</u>
2009	\$667,104	\$ 88,285	\$501,804	\$26,397	\$11,643	\$111,457	\$123,100
2008	542,269	86,550	496,335	56,744	17,285	99,981	117,267
2007	423,228	84,776	502,017	83,475	(9,022)	89,810	80,788
2006	534,115	76,451	457,219	14,528	19,483	90,509	109,992
2005	426,003	78,331	455,931	79,246	8,362	85,323	93,685

At year-end 2009, there were 452 policies in-force. The Company has had a sizable net income for each of the years under examination.

REINSURANCE

General

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Direct	\$ 455,931	\$ 457,219	\$ 502,017	\$ 496,335	\$ 501,804
Assumed	0	0	0	0	0
Ceded	<u>(296,355)</u>	<u>(297,192)</u>	<u>(323,271)</u>	<u>(313,807)</u>	<u>(310,680)</u>
Net	<u>\$ 159,576</u>	<u>\$ 160,027</u>	<u>\$ 178,746</u>	<u>\$ 182,528</u>	<u>\$ 191,124</u>

Assumed

None.

Ceded

The Company has quota share reinsurance agreements with 31 Missouri Mutual Insurance Companies. Below is a list of the assuming companies, along with each company's share of the reinsurance pool.

<u>Company</u>	<u>Percentage of Pool</u>
Old Missouri Mutual Insurance Company	6%
CFM Insurance, Inc.	5%
Barton Mutual Insurance Company	5%
Freistatt Mutual Insurance Company	5%
Billings Mutual Insurance Company	4%
Clarks Fork Mutual Insurance Company	4%
Farmers Mutual Insurance Company of Dade County	4%
Laclede Mutual Insurance	4%
Farmers & Laborers Mutual Insurance Company	4%
Arnsberg Farmers Mutual Insurance Company	4%
Pike County Mutual Insurance Company	4%
Ralls County Mutual Insurance Company	4%
Cape Mutual Insurance Company	3%
St. Thomas-Babbtown Mutual Insurance Company	3%
Henry County Mutual Insurance Company	3%
Farmers Mutual Insurance Company of Nodaway County	3%
Perry County Mutual Insurance Company	3%
Gateway Mutual Insurance Company	3%

Boeuf & Berger Mutual Insurance Company	3%
Midwest Preferred Mutual Insurance Company	3%
United Mutual Insurance Company	2%
Lincoln County Farmers Mutual Insurance Company	2%
North Missouri Mutual Insurance Company	2%
Meramec Valley Mutual Insurance Company	2%
Gasconade Farmers Mutual Insurance Company	2%
Lewis County Mutual Insurance Company	2%
Farmers Mutual Insurance Company of Warren County	2%
Farmers Mutual Insurance Company of Gentry County	1%
Farmers Mutual Insurance Company of Linn County	1%
Farmers Mutual Insurance Company of Callaway County	1%
Farmers Mutual Insurance Company of Clinton County	1%

This agreement covers all policies written by the Company classified as liability policies. The Company cedes 95% of the risk to the reinsurers. The maximum risk accepted by the Reinsurers under this agreement is \$2,000,000 for errors and omissions policies and \$3,000,000 for directors and officers liability policies. The Company pays the reinsurer 95% of the premium under the agreement and the Company is allowed a 35% ceding commission.

The Company only writes Directors and Officers liability and Errors and Omission liability policies for members of the Missouri Association of Mutual Insurance Companies.

ACCOUNTS AND RECORDS

The accounting records are maintained by the Company on an accrual basis. Van de Ven, LLC does the monthly accounting, prepares the Company's tax filings and compiles the Annual Statement.

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

Bonds	50,868
Cash on Deposit	616,236

Total Assets	\$667,104
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LIABILITIES, SURPLUS AND OTHER FUNDS
December 31, 2009

Unearned Premium	85,285
Other Liabilities	3,000

Total Liabilities	\$ 88,285

Guaranty Fund	\$ 150,000
Other Surplus	428,819

Total Surplus	578,819

Total Liabilities and Surplus	\$ 667,104
	=====

STATEMENT OF INCOME
For the Year Ending December 31, 2009

Net Premiums Earned		\$ 192,389
Other Insurance Income		0
Net Losses & Loss Adjustment Expenses Incurred		0
Other Underwriting Expenses Incurred		(80,932)

Net Underwriting Income (Loss)		\$ 111,457

Investment Income		\$ 11,643
Other Income		0

Gross Profit (Loss)		\$ 123,100
Federal Income Tax		0

Net Income (Loss)		\$ 123,100
		=====

CAPITAL AND SURPLUS ACCOUNT
December 31, 2009

Policyholders' Surplus, December 31, 2008		\$455,719
Net Income (Loss)		123,100

Policyholders' Surplus, December 31, 2009		\$578,819
		=====

NOTES TO THE FINANCIAL STATEMENTS

None.

EXAMINATION CHANGES

None.

GENERAL COMMENTS AND RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

At a special board meeting on August 26, 2010, the board voted to terminate the service agreement with Mutual Insurance Service Corporation effective September 30, 2010. As of that date the Service Company will be dissolved, MAMIC Mutual will begin collecting its own premiums, and other expenses such as salaries, rent and utilities will be paid directly by the Company instead of through the 15% service fee.

