

# 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 St. Elizabeth 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.

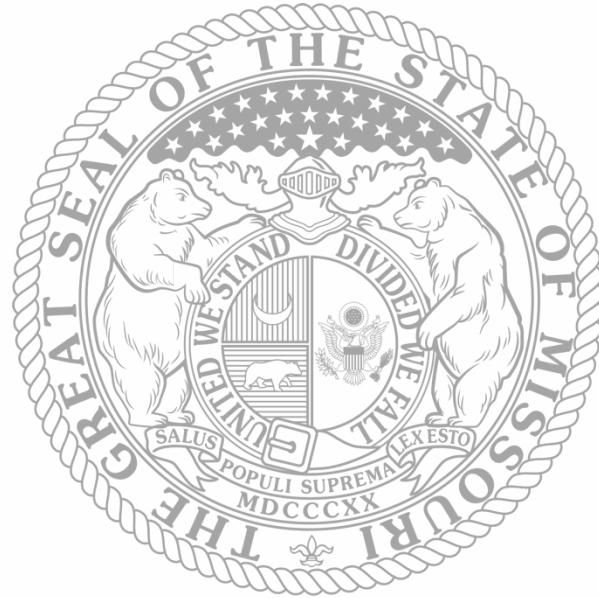
Based on such findings and conclusions, I hereby ORDER St. Elizabeth Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition and 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 08<sup>th</sup> day of July, 2024.



*Chlora Lindley-Myers*

Chlora Lindley-Myers, Director  
Department of Commerce and Insurance



REPORT OF  
FINANCIAL EXAMINATION OF

# ST. ELIZABETH MUTUAL INSURANCE COMPANY

AS OF  
DECEMBER 31, 2022

STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

## TABLE OF CONTENTS

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

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

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

**St. Elizabeth Mutual Insurance Company**

hereinafter referred to as such, or as the Company. Its administrative office is located at 160 South Walnut Street, St. Elizabeth, Missouri 65075, telephone number (573) 493-2717. The fieldwork for this examination began on April 8, 2024, 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 St. Elizabeth 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 on December 8, 1899, and incorporated on February 27, 1930, as The St. Elizabeth Mutual Insurance Company of St. Elizabeth, Missouri. The Company currently operates as St. Elizabeth Mutual Insurance Company.

The Company has a Certificate of Authority dated August 13, 2003, 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 Thursday in January at the home office of the Company, or at the St. Elizabeth Community Center if the home office is deemed to be insufficient by the Board of Directors. Special meetings of the members shall be called by the President, by the Board of Directors, or by not less than one percent of the members. One percent of the members represented in person or by proxy shall constitute a quorum at any membership meeting.

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 eight members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately four times per year.

Members serving on the Board of Directors as of December 31, 2022, were as follows:

<u>Name and Address</u>	<u>Occupation</u>
Victor Wilde St. Elizabeth, Missouri	Business Owner
Kenneth Hammond Jefferson City, Missouri	Retired
Richard Juergensmeyer St. Elizabeth, Missouri	Retired
Mark Reinkemeyer St. Elizabeth, Missouri	Farmer
Dean Luetkemeyer St. Elizabeth, Missouri	Farmer/Insurance Agent
Robert Oligschlaeger St. Elizabeth, Missouri	Retired
Mark Adrian Eugene, Missouri	Banker
Karen Wilde St. Elizabeth, Missouri	Secretary

**Officers**

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

<b><u>Name</u></b>	<b><u>Office</u></b>
Victor Wilde	President
Dean Luetkemeyer	Vice President
Karen Wilde	Secretary & 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 ten part-time employees. The Company does not provide any benefits or paid time-off to the employees.

**FIDELITY BOND AND OTHER INSURANCE**

The Company is a named insured on a fidelity bond providing a limit of liability of \$75,000. 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 and errors and omissions coverage for its agents.

The Company self-insures its office building and contents and purchases commercial general liability and workers compensation and employer’s liability insurance from outside insurers.

**INSURANCE PRODUCTS AND RELATED PRACTICES**

**Territory and Plan of Operations**

The Company is licensed by the Department as an Extended Missouri Mutual Insurance Company operating under Sections 380.201 through 380.611 RSMo.

The Company is authorized to write fire, wind, liability, and crop insurance in all counties in the State of Missouri. The Company writes fire, wind, and liability coverages. The Company’s policies are sold by seven licensed agents, who receive a 15% commission.

**Policy Forms and Underwriting Practices**

The Company uses American Association of Insurance Services (AAIS) forms. The policies are written on a continuous period and renewed annually, with rates determined by the Board of Directors. Renewal billings are mailed directly to the insured. Inspections are performed by a part-time inspector, who is also a director. The Company President performs most of the claims adjusting, while the Company’s reinsurer is utilized on large dollar claims.

## 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	\$4,375	\$358	\$1,199	\$533	\$85	\$0	\$102
2021	4,293	339	1,132	202	82	298	453
2020	3,845	333	1,118	319	84	156	252
2019	3,576	323	1,111	486	60	(17)	56
2018	3,489	317	1,110	302	79	192	283

At year-end 2022, there were 1,088 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	\$1,110	\$1,111	\$1,118	\$1,132	\$1,199
Assumed	-	-	-	-	-
Ceded	(267)	(277)	(277)	(272)	(270)
<b>Net Written</b>	<b>\$ 843</b>	<b>\$ 834</b>	<b>\$ 841</b>	<b>\$ 860</b>	<b>\$ 929</b>

### Assumed Reinsurance

The Company does not reinsure other companies.

### Ceded Reinsurance

The Company cedes business to Grinnell Mutual Reinsurance Company (the Reinsurer) through separate property and liability reinsurance agreements.

The property reinsurance agreement includes per risk excess of loss and aggregate excess of loss coverages. Under the per risk excess of loss section of the agreement, the Company retains \$200,000 of losses per risk, and the Reinsurer's limit is \$20,000,000 per risk. Under the aggregate excess of loss section of the agreement, the Reinsurer pays 100% of the losses in excess of the annual attachment point, and the reinsurance coverage is unlimited. The attachment point for 2022 was \$775,000.

Under the liability reinsurance agreement, the Company cedes 100% of policy risks and premiums on a quota share basis. The Reinsurer's maximum per occurrence limit for these policies is \$2,000,000 for farmowners liability and \$1,000,000 for all other liability coverages. The Company 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 a modified cash basis. The CPA firm of Bert Doerhoff, P.C., prepares the Company's 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 St. Elizabeth 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

Bonds	\$ 2,041,776
Mutual Funds	491,504
Real Estate	122,261
Cash on Deposit	1,708,732
Interest Due and Accrued	10,962
Cash in Office	200
<b>TOTAL ASSETS</b>	<b><u><u>\$ 4,375,435</u></u></b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2022

Unearned Premium	\$ 358,922
<b>TOTAL LIABILITIES</b>	<b><u>\$ 358,922</u></b>
Guaranty Fund	200,000
Other Surplus	3,816,513
<b>TOTAL POLICYHOLDER SURPLUS</b>	<b><u>\$ 4,016,513</u></b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b><u><u>\$ 4,375,435</u></u></b>

**STATEMENT OF INCOME**  
For the Year Ended December 31, 2022

Net Earned Assessment/Premium Income	\$	907,468
Other Insurance Income		10,396
Net Losses & Loss Adjustment Expense		(536,563)
Underwriting Expenses		(381,056)
<b>Underwriting Income (Loss)</b>	<b>\$</b>	<b>245</b>
Investment Income		85,228
Investment Expenses		-
<b>Net Investment Gain (Loss)</b>	<b>\$</b>	<b>85,228</b>
Other Income		20,955
<b>Gross Profit or Loss</b>	<b>\$</b>	<b>106,428</b>
Federal Income Tax		(3,981)
<b>NET INCOME (LOSS)</b>	<b>\$</b>	<b>102,447</b>

**RECONCILIATION OF CAPITAL AND SURPLUS**  
Changes from January 1, 2018, to December 31, 2022

*(\$000s omitted)*

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Beginning Policyholder's Surplus	\$ 2,914	\$ 3,171	\$ 3,252	\$ 3,513	\$ 3,954
Net Income (Loss)	283	56	252	453	102
Unrealized Gain (Loss)	(32)	19	9	(6)	(61)
Unearned Premium Adjustment	6	6	0	(6)	21
<b>Ending Policyholder's Surplus</b>	<b>\$ 3,171</b>	<b>\$ 3,252</b>	<b>\$ 3,513</b>	<b>\$ 3,954</b>	<b>\$ 4,016</b>

**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 St. Elizabeth Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

**VERIFICATION**

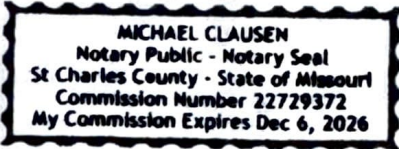
State of Missouri            )  
  )    ss  
County of Cole             )

I, Ken Tang, 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 St. Elizabeth 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.

  
\_\_\_\_\_  
Ken Tang, CFE  
Certified Examiner  
Missouri Department of Commerce and  
Insurance

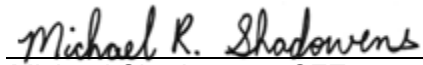
Sworn to and subscribed before me this 18<sup>th</sup> day of June, 2024.

My commission expires: 12/06/26   
\_\_\_\_\_  
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, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



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