

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

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

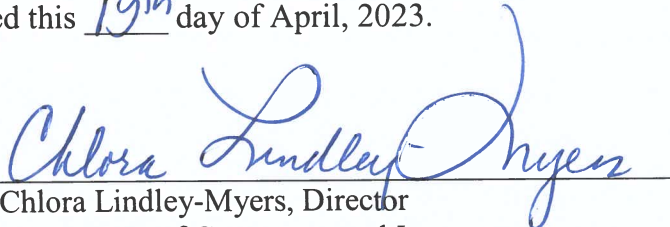
ORDER

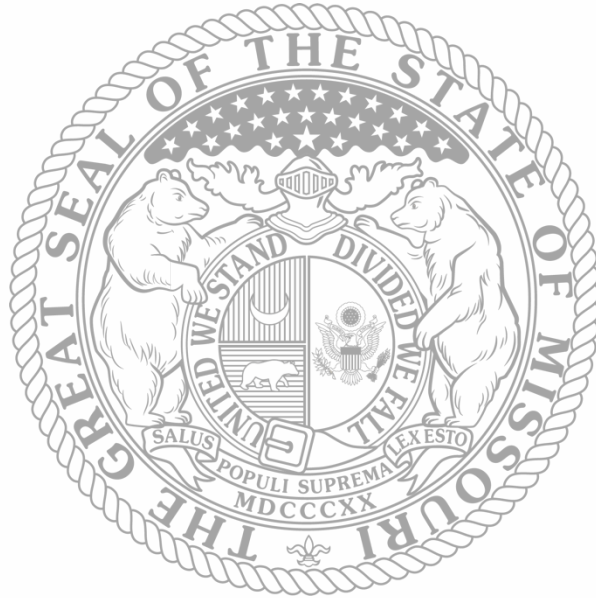
After full consideration and review of the report of the financial examination of Shelter Mutual Insurance Company for the period ended December 31, 2021, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Shelter Mutual Insurance Company as of December 31, 2021, be and is hereby ADOPTED as filed and for Shelter 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 by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 19th day of April, 2023.




Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

SHELTER MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2021

**STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE**

JEFFERSON CITY, MISSOURI

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Columbia, MO
January 31, 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

Shelter Mutual Insurance Company (NAIC #23388)

hereinafter referred to as such, as Shelter Mutual, or as the Company. Its administrative office is located at 1817 West Broadway, Columbia, Missouri 65218, telephone number 573.445.8441. The fieldwork for this examination began on March 3, 2022, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of Shelter Mutual Insurance Company. The last examination of the Company by the Department covered the period of January 1, 2013 through December 31, 2016. The current examination covers the period of January 1, 2017 through December 31, 2021, 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 also included a review of significant estimates made by management and evaluation of management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to Shelter Mutual included Investments, Premiums and Underwriting, Claims Handling and Reserving, Reinsurance, Related Parties, and Capital and Surplus. The examination also included a review and evaluation of information technology general controls.

The examination was conducted concurrently with the examinations of the Company's Missouri domiciled affiliates, Shelter General Insurance Company (Shelter General), Shelter Reinsurance Company (Shelter Re), Shelter Life Insurance Company (Shelter Life), AmShield Insurance Company (AmShield) and Haulers Insurance Company, Inc. (Haulers).

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) 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 are 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

MFA Mutual Insurance Company (MFA) incorporated on August 31, 1945. On December 31, 1945, MFA was issued a certificate of authority. MFA commenced operations on January 1, 1946. On July 1, 1982, MFA changed its name to Shelter Mutual Insurance Company.

Mergers, Acquisitions, and Major Corporate Events

There were no mergers, acquisitions or major corporate events during the current examination period.

Dividends and Capital Contributions

The Company did not pay any policyholder dividends during the current examination period.

Surplus Notes

There were no surplus notes issued or outstanding during the current examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that is elected by the policyholders. The Company’s Bylaws specify that there shall be nine Board members. The Board of Directors elected and serving as of December 31, 2021, was as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Patricia Coffey Barrington, IL	Owner/CEO Cedibus, LLC
Rockne Corbin Columbia, MO	Executive Vice President Shelter Mutual Insurance Company
Stephen Erdel Columbia, MO	Chairman/CEO Boone County National Bank
H. Baker Kurrus Little Rock, AR	Attorney H. Baker Kurrus, PLLC
Rick Means Columbia, MO	Retired (President/CEO) Shelter Mutual Insurance Company
David Monday Naples, FL	Retired (Partner) PricewaterhouseCoopers, LLC
Madison Moore Columbia, MO	Retired (President/CEO) Shelter Mutual Insurance Company
Tonya Moore Brandon, MS	Executive Director of Leadership/Workforce Development University of Mississippi Medical Center
Randa Rawlins Columbia, MO	President/CEO Shelter Mutual Insurance Company

Senior Officers

The officers elected and serving, as of December 31, 2021, were as follows:

<u>Name</u>	<u>Office</u>
Randa Rawlins	President/CEO
Christina Workman	Vice President of Accounting/Treasurer
David VanDyke	General Counsel/Secretary
Paul LaRose	Executive Vice President/Assistant Secretary
Teresa Magruder	Executive Vice President
Rockne Corbin	Executive Vice President
Daniel Clapp	Executive Vice President
John Rooney	Vice President of Information Services
Frank Thompson	Vice President of Marketing
Shawn Ricks	Vice President of Claims
Todd Weyler	Vice President of Underwriting
Brian Waller	Vice President of Government Relations
Michael Hackman	Vice President of Investments
Jon Imhoff	Vice President of Internal Audit
Mark Stinson	Vice President of Alternate Channels
James Heavin	Assistant Treasurer

Principal Committees

The Bylaws require the establishment of four standing committees: Audit, Investment, Corporate Governance and Executive & Compensation. All committee members are appointed by the Board of Directors.

Audit Committee

David Monday, Chair
H. Baker Kurrus
Patricia Coffey

Corporate Governance Committee

H. Baker Kurrus, Chair
Rick Means
Madison Moore
Tonya Moore
Randa Rawlins

Investment Committee

Rick Means, Chair
Madison Moore
Rockne Corbin
Stephen Erdel
Don McCubbin
Daniel Clapp
Teresa Magruder
Randa Rawlins

Executive & Compensation Committee

Rick Means, Chair
Patricia Coffey
Stephen Erdel
David Monday
Madison Moore
Randa Rawlins

Corporate Records

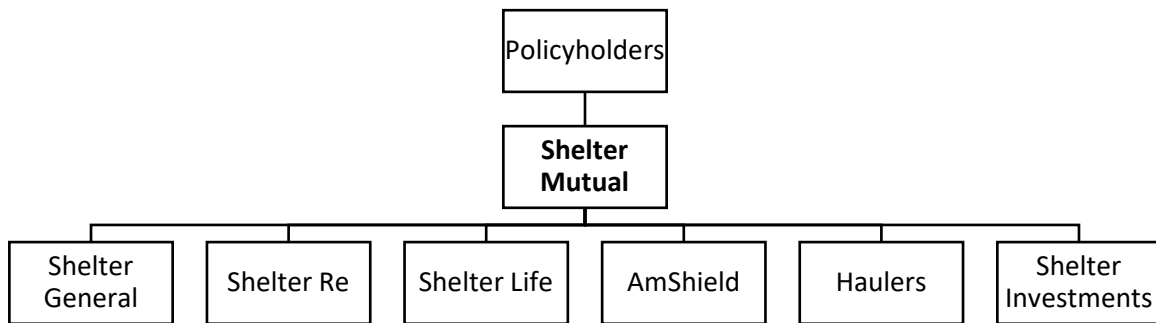
The Company's Articles of Incorporation and Bylaws were reviewed. The minutes of the policyholders' meetings, the Board of Directors' meetings and the meetings of the Audit, Executive & Compensation, Investment and Corporate Governance committees were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

Shelter Mutual is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). Shelter Mutual is the ultimate controlling entity in the system. Shelter Mutual is owned by its policyholders. Shelter Mutual is the direct parent of five insurance companies and one investment company. Shelter Mutual also co-owns three non-insurers.

Organizational Chart

The following organizational chart and narrative depict the applicable portion of the holding company group as of December 31, 2021. All subsidiaries shown in the organizational chart are wholly-owned. Subsidiaries not included in the organizational chart and their associated ownership percentages are as follows. The Daniel Boone Agency is jointly owned by Shelter Mutual (40%), Shelter General (40%) and Shelter Life (20%). Shelter Enterprises is jointly owned by Shelter Mutual (13.08%), Shelter General (39.11%), Shelter Life (39.11%) and Shelter Re (8.7%). Shelter Financial Services is jointly owned by Shelter Mutual (79%), Shelter General (11%) and Shelter Life (10%). Shelter Benefits Management is owned by Shelter Financial Services (100%).



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2021. A brief description of these agreements are as follows:

Management Services and Facilities Agreement: Shelter Mutual and subsidiaries are parties to separate Management Services and Facilities Agreements. Under the agreements, Shelter Mutual provides employees, services and facilities to operate all aspects of each subsidiary’s business. Subsidiaries are required to make monthly payments to Shelter Mutual calculated in accordance with the Joint Expense Allocation Agreement.

Joint Expense Allocation Agreement: Shelter Mutual along with several subsidiaries are parties to a Joint Expense Allocation Agreement effective December 1, 2004. Under the terms of the agreement, each party pays its direct expenses in instances when each entity’s actual usage can be determined. Any joint expenses in which the identification and segregation of each entity’s actual share is not practically feasible are allocated based on the allocation method described in agreement.

Management Services Agreement: Shelter Mutual and Shelter Benefits Management, Inc. (Shelter Benefits) are parties to a Management Services Agreement effective May 1999. Under the agreement, Shelter Benefits provides all human resource functions, payroll processing, and benefits administration for the employees and agents of Shelter Mutual. The cost of services provided by Shelter Benefits are allocated in accordance with the Joint Expense Allocation Agreement.

Transfer and Assumption Agreement: Shelter Mutual and subsidiaries Shelter General, Shelter Life, and Shelter Benefits entered into a Transfer and Assumption Agreement effective May 1999. The agreement facilitated the transfer of certain agent and employee benefit liabilities from Shelter Mutual, Shelter Life, and Shelter General to Shelter Benefits in order to consolidate, restructure and centralize the management of these liabilities.

Tax Allocation Agreement: Shelter Mutual along with several subsidiaries are parties to a Tax Allocation Agreement. Under the agreement, Shelter Mutual will file a consolidated federal income tax return on behalf of itself and its subsidiaries that are party to the agreement for the 1999 tax year and all subsequent tax years. The tax liability for each company is the amount that would have been determined on a separate filing basis.

Revolving Line of Credit Agreement: Shelter Mutual and several subsidiaries are parties to a Revolving Line of Credit Agreement effective May 19, 2017. Under the agreement, Shelter Mutual extends credit to allow each entity to borrow up to a stated amount with interest payable monthly based on the Federal Funds Rate plus 0.5%. As of December 31, 2021, total outstanding balance under the agreement was \$195,000.

Revolving Line of Credit: Shelter Mutual and Shelter Investments are parties to two separate revolving line of credit agreements effective June 2014 and March 2016. Under each agreement, Shelter Mutual extends credit to allow Shelter Investments to borrow up to \$55 million. Shelter Investments pays monthly interest on any outstanding principal balance at a rate of Bloomberg Current Prime Rate minus one percent. As of December 31, 2021, the outstanding balance on the lines of credit was \$37.5 million.

Services Agreement: Shelter Mutual and Haulers have an Agreement for Services and Allocation of Board of Director Costs, effective January 1, 2009, to allocate board expenses and to establish costs for services provided by Shelter Mutual for the benefit of Haulers.

Shelter Mutual has multiple reinsurance agreements with its subsidiaries as described in the Assumed Reinsurance and Ceded Reinsurance sections of the report.

TERRITORY AND PLAN OF OPERATION

In 2021, the Company wrote business in fifteen of the eighteen states in which it was licensed. The majority of Shelter Mutual's business (79%) was produced in Missouri and the eight states bordering. Private Passenger Auto Liability, Auto Physical Damage and Homeowners' Multi-peril are the Company's three largest lines of business. Shelter Mutual's captive agents are exclusively responsible for marketing the Company's products.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company increased its premium writings and its surplus each year of the examination period.

The table below summarizes the Company's premium writings and writing ratios for the period under examination:

(\$000s omitted)

Year	Net Premiums Written	Change in Net Premiums	Capital and Surplus	Ratio of Net Premiums to Surplus
2017	\$ 1,531,025	\$ 81,968	\$ 1,920,687	.80
2018	1,620,331	89,306	1,987,524	.82
2019	1,687,021	66,690	2,102,874	.80
2020	1,721,164	34,143	2,171,789	.79
2021	1,797,880	76,716	2,388,515	.75

The Company's loss ratio has generally increased over the examination period.

The table below summarizes the Company's incurred losses and loss ratios for the period under examination:

(\$000s omitted)

Year	Net Premiums Earned	Net Losses and Loss Adjustment Expenses	Loss Ratio
2017	\$ 1,504,333	\$ 1,102,682	73%
2018	1,596,029	1,097,617	69%
2019	1,661,871	1,213,725	73%
2020	1,712,643	1,405,838	82%
2021	1,757,337	1,416,878	81%

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	2017	2018	2019	2020	2021
Direct Premiums Written	\$ 1,545,026	\$ 1,635,180	\$ 1,698,499	\$ 1,732,473	\$ 1,788,325
Reinsurance Assumed:					
Affiliates	7,520	7,931	11,024	17,390	24,664
Non-Affiliates	48,986	51,615	48,941	49,104	60,493
Reinsurance Ceded:					
Affiliates	48,488	51,431	48,101	48,498	47,160
Non-Affiliates	22,019	22,964	23,342	29,305	28,442
Net Premiums Written	\$ 1,531,025	\$ 1,620,331	\$ 1,687,021	\$ 1,721,164	\$ 1,797,880

Assumed Reinsurance

Under a quota share agreement that became effective January 1, 2018, the Company assumes 100% of earned premiums, claims and expenses from AmShield, an affiliate. Under a stop-loss agreement that became effective January 1, 2017, the Company assumes 5% of earned premiums and 95% of losses in excess of a 57.5% loss ratio from Haulers Insurance Company, Inc., another affiliate. The agreement is subject to a \$30,000,000 limit of liability each year. The Company provides property catastrophe coverage to its affiliate Shelter Re under an excess-of-loss agreement that renews each March 1. The current limit is \$80 million in excess of \$70 million.

Shelter Mutual also assumes property business on both an excess-of-loss and quota share basis from non-affiliated insurers in the United States, Canada, Europe and Japan. Except for the business assumed in Canada, this business is 100% retroceded to Shelter Reinsurance under a fronting arrangement. Because Canadian regulations prohibit interpooling relationships, the Company retains business assumed in Canada.

Ceded Reinsurance

As noted above, the Company cedes 100% of business assumed from non-affiliates, except for Canadian business, to Shelter Reinsurance under a fronting agreement.

The Company cedes business through three programs: a property program with General Reinsurance Corporation (GenRe); a casualty program with GenRe; and a catastrophe program with various non-affiliates. The property program provides per risk facultative coverage; the casualty program provides excess-of-loss coverage; and the catastrophe program provides excess-of-loss coverage. Other members of the Shelter group also cede business under these programs. AmShield and Shelter General are reinsured under all three programs, while Haulers is covered under the catastrophe program only.

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

Independent Auditor

The certified public accounting (CPA) firm, BKD, LLP, in Cincinnati, Ohio, performed the statutory audit of the Company for the years under examination. Reliance was placed upon the CPA workpapers as deemed appropriate. Such reliance included, but was not limited to, fraud risk analysis, journal entry testing, internal control narratives, test of internal controls, and substantive testing.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Thomas P. Conway, ACAS, MAAA, for all years in the examination period. Mr. Conway is employed by Ernst & Young, LLP in Chicago, Illinois.

Consulting Actuary

Pursuant to a contract with the Department, Jon W. Michelson, FCAS, MAAA of Expert Actuarial Services, LLC, reviewed the underlying actuarial assumptions and methodologies used by Shelter Mutual to determine the adequacy of loss reserves and LAE reserves. Mr. Michelson determined that the Company made a reasonable provision for the loss and LAE reserves reported in the statutory financial statements, as of December 31, 2021. Julie Lederer, FCAS, MAAA, the Department's Property and Casualty Actuary, reviewed the work performed by the consulting actuary.

Information Systems

Pursuant to a contract with the Department, Sharon Riley, AES, CGEIT, CISA, CRISC, CDPSE and Carol Riley, CISA, CGEIT, CDPSE, AIRC, FLMI, of Noble Consulting Services, Inc. (Noble), conducted a review of the Company's information systems. No material weaknesses were identified. Kimberly Dobbs, CFE, AES, CISA, Information Systems Financial Examiner-in-Charge with the Department, reviewed the work performed by Noble.

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 Shelter Mutual Insurance Company for the period ending December 31, 2021. 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, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 1,641,248,342	\$	\$ 1,641,248,342
Stocks:			
Common Stocks	1,276,504,466		1,276,504,466
Mortgage Loans on Real Estate:			
First Liens	73,862,511		73,862,511
Real Estate:			
Properties Occupied by the Company	55,586,531		55,586,531
Cash, Cash Equivalents, and Short- Term Investments	(25,329,443)		(25,329,443)
Other Invested Assets	744,736,590	20,695,178	724,041,412
Receivables for Securities	9,190		9,190
Investment Income Due and Accrued	10,673,770		10,673,770
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	6,321,944	163,139	6,158,805
Deferred Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	183,793,111		183,793,111
Reinsurance:			
Amounts Recoverable from Reinsurers	2,533,228		2,533,228
Funds Held by or Deposited with Reinsured Companies	614,328		614,328
Other Amounts Receivable Under Reinsurance Contracts	2,325,441		2,325,441
Current Federal and Foreign Income Tax Recoverable and Interest Thereon	51,076,340		51,076,340
Guaranty Funds Receivable or on Deposit	1,092,237		1,092,237
Electronic Data Processing Equipment and Software	183,511	136,401	47,110
Furniture and Equipment, Including Health Care Delivery Assets	13,316,848	13,316,848	
Receivables from Parent, Subsidiaries, and Affiliates	10,539,768		10,539,768
Aggregate Write-Ins for Other-Than- Invested Assets	30,729,530	21,650,547	9,078,983
TOTAL ASSETS	\$ 4,079,818,245	\$ 55,962,113	\$ 4,023,856,131

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2021

Losses	\$ 595,822,539
Reinsurance Payable on Paid Losses and Loss Adjustment Expenses	2,661,038
Loss Adjustment Expenses	96,101,792
Commissions Payable, Contingent Commissions, and Other Similar Charges	49,750,060
Other Expenses	17,144,337
Taxes, Licenses, and Fees	11,442,982
Net Deferred Tax Liability	17,832,576
Borrowed Money and Interest Thereon	2,960,216
Unearned Premiums	649,650,500
Advance Premiums	29,118,117
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	3,331,585
Funds Held by Company Under Reinsurance Treaties	474,054
Amounts Withheld or Retained by Company for Account of Others	23,400,442
Remittances and Items Not Allocated	3,060,813
Payable to Parent, Subsidiaries, and Affiliates	8,437,858
Aggregate Write-Ins for Liabilities	124,152,293
TOTAL LIABILITIES	\$ 1,635,341,201
Aggregate Write-Ins for Other-than-Special Surplus Funds	1,250,000
Unassigned Funds (Surplus)	2,387,264,923
SURPLUS AS REGARDS POLICYHOLDERS	\$ 2,388,514,923
TOTALS	\$ 4,023,856,124

STATEMENT OF INCOME
For the Year Ended December 31, 2021

Premiums Earned	\$ 1,757,336,612
DEDUCTIONS:	
Losses Incurred	1,284,818,678
Loss Adjustment Expenses Incurred	132,058,681
Other Underwriting Expenses Incurred	497,438,620
Aggregate Write-Ins for Underwriting Deductions	1,008,981
Total Underwriting Deductions	<u>\$ 1,915,324,959</u>
Net Underwriting Gain (Loss)	\$ (157,988,347)
Net Investment Income Earned	76,388,928
Net Realized Capital Gains	50,770,445
Net Investment Gain (Loss)	\$ 127,159,373
Net Gain (Loss) from Agents' or Premium Balances Charged Off	
Finance and Service Charges Not Included in Premiums	2,136,395
Aggregate Write-Ins for Miscellaneous Income	3,537,590
Federal and Foreign Income Taxes Incurred	<u>(23,406,239)</u>
NET INCOME (LOSS)	\$ (1,748,751)

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2017 to December 31, 2021

(\$000s omitted)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Capital and Surplus,					
Beginning of Year	\$ 1,877,141	\$ 1,920,687	\$ 1,987,524	\$ 2,102,874	\$ 2,171,789
Net Income (Loss)	43,839	106,943	53,660	64,036	(1,749)
Change in Net Unrealized					
Capital Gains (Losses)					
Less Capital Gains Tax	1,858	(10,573)	43,797	47,880	171,594
Change in Net Unrealized					
Foreign Exchange					
Capital Gain (Loss)	648	408	(1,414)	3,743	(108)
Change in Net Deferred					
Income Tax	(22,881)	5,358	4,845	(20,264)	(13,249)
Change in Nonadmitted					
Assets	33,219	(71,912)	69,897	14,880	(20,564)
Change in Provision for					
Reinsurance				(1,359)	1,359
Aggregate Write-Ins for					
Gains and Losses in					
Surplus	(13,137)	36,613	(55,435)	(40,002)	79,442
Net Change in Capital and					
Surplus	43,547	66,837	115,350	68,915	216,726
Capital and Surplus, End					
of Year	<u><u>\$ 1,920,687</u></u>	<u><u>\$ 1,987,524</u></u>	<u><u>\$ 2,102,874</u></u>	<u><u>\$ 2,171,789</u></u>	<u><u>\$ 2,388,515</u></u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

The policyholders of Shelter Mutual Insurance Company approved the Amended and Restated Articles of Incorporation at the April 6, 2022, annual meeting. The Amended and Restated Articles of Incorporation were approved by the Department on June 15, 2022, and filed with the Missouri Secretary of State on June 15, 2022.

The COVID-19 pandemic is ongoing, with uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

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