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 Keystone Mutual Insurance Company for the period ended December 31, 2024, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director, 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 findings, history, corporate records, management and control, territory and plan of operations, accounts and records, financial statements, comments on the financial statements, subsequent events and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Keystone Mutual Insurance Company as of December 31, 2024, be and is hereby ADOPTED as filed and for Keystone 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) implement and verify compliance with each item mentioned in the Comments on the Financial Statement and/or Summary of Recommendations section of such report; and (2) 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 23rd day of July, 2026.

Angela L. Nelson, Director
Department of Commerce and Insurance

REPORT OF
FINANCIAL EXAMINATION OF

KEYSTONE MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2024

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
June 12, 2026

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

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

Keystone Mutual Insurance Company (NAIC #13073)

hereinafter referred to as such, as Keystone, or as the Company. Its administrative office is located at 13537 Barrett Parkway, Suite 345, St Louis, MO 63021, telephone number (636) 549-3744. The fieldwork for this examination began on February 9, 2026, 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 Keystone Mutual Insurance Company. The last examination of the Company by the Department covered the period of January 1, 2018, through December 31, 2020. The current examination covers the period of January 1, 2021, through December 31, 2024, 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 Keystone included Investments, Reserving and Claims Handling, Premium and Underwriting, Reinsurance, and Capital and Surplus. The examination also included a review and evaluation of information technology general controls.

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

The Company incorporated on December 31, 2007, under RSMo Chapter 383 (Malpractice Insurance) as an assessable medical malpractice insurer.

Mergers, Acquisitions, and Major Corporate Events

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

Dividends and Capital Contributions

There were no dividends declared or paid during the current examination period. The Company reported the following contributed surplus for the current examination period.

Year	Amount	
2021	$	174,669
2022		204,721
2023		218,799
2024		239,964
Total	**$**	**838,153**

Surplus Notes

The following surplus notes were outstanding at year-end 2024. The surplus notes are held by Keystone Insurance Holding Company. Keystone's Chairman and Chief Executive Officer owns Keystone Insurance Holding Company.

Number	Issued	Rate	Original Amount	Current Value
SN #01	09/30/2009	7%	$ 220,000	$ 220,000
SN #02	11/30/2009	7%	50,000	102,841
SN #03	12/31/2009	7%	10,000	20,510
SN #04	12/31/2010	7%	80,000	158,477
SN #05	12/31/2010	7%	90,000	178,287
SN #06	11/30/2011	7%	110,000	210,729
SN #08	12/30/2011	7%	40,000	76,400
SN #09	12/31/2018	7%	100,000	142,000
SN #10	12/31/2019	7%	100,000	135,000
SN #11	12/30/2023	7%	184,000	196,880
SN #12	12/31/2024	7%	116,000	116,000
	Total		$ 1,100,000	$ 1,557,124

In December 2023, surplus note #07 issued on December 30, 2011, for $100,000 held by IRAR Trust Co. (fbo James R. Bowlin) was repaid along with accrued interest of $84,000.

In December 2024, the Company paid $235,106 in accrued interest on surplus note #01.

Payments of principal and interest on the surplus notes were properly requested by the Company and approved by the Department.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are elected by the policyholders. The Company's Bylaws specify that there shall be no less than nine but no more than twenty-five directors. The Board of Directors elected and serving as of December 31, 2024, were as follows:

Name and Address	Principal Occupation and Business Affiliation
James R. Bowlin Wildwood, MO	Chairman and Chief Executive Officer Keystone Mutual Insurance Company
Craig S. McPartlin Wildwood, MO	Treasurer and Chief Financial Officer Keystone Mutual Insurance Company
George K. Parkins, MD Prairie Village, KS	Retired Orthopedic Surgeon Drisko, Fee & Parkins, PC
Joel D. Hassien, MD Hannibal, MO	Radiologist and President Hannibal Imaging Services
Jerry D. Kennett Columbia, MO	Cardiologist Missouri Cardiovascular Specialists, LLP
Jerry N. Middleton, MD St. Louis, MO	Retired Obstetrician and Gynecologist Obstetrical Associates of St. Louis, Inc.
Matthew J. Spellman MD Richmond Heights, MO	Urologist and President Urology of St. Louis, Inc., d/b/a Helios Specialty Healthcare – Urology
Dennis A. Nahnsen St. Louis, MO	Retired Executive Missouri Valley Partners
A. Greig Woodring Chesterfield, MO	Retired Executive Reinsurance Group of America, Inc.
Scott B. Lakin Kansas City, MO	Principal Lakin Consulting, LLC
Bruce C. Oetter Clayton, MO	Retired Partner Bryan Cave LLP

Senior Officers

The officers elected and serving, as of December 31, 2024, were as follows:

Name	Office
James R. Bowlin	Chairman and Chief Executive Officer
Jerry D. Kennett, MD	President
Matthew J. Spellman, MD	Secretary
Craig S. McPartlin	Treasurer
Jerry N. Middleton, MD	Vice President
Scott B. Lakin	Vice President

Principal Committees
The Company's Bylaws require an Executive Committee, which is empowered to act on behalf of the Board of Directors during periods when the Board is not meeting. The Bylaws further allow the Board of Directors the discretion to establish other committees.

Executive	**Audit**
James R. Bowlin, Chair	Jerry D. Kennett, MD, Chair
Craig S. McPartlin	Scott B. Lakin
Matthew J. Spellman, MD	Bruce C. Oetter
Jerry N. Middleton, MD	
Scott B. Lakin	
Jerry D. Kennett, MD	

Corporate Records
The Company's Articles of Association and Bylaws were reviewed. There were no revisions to either document during the examination period. The minutes of the Board of Directors' meetings, the Audit Committee's meeting, and the annual meeting of the Members were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates
As a medical malpractice insurer organized under Chapter 383 RSMo (Malpractice Insurance), Keystone is not subject to the reporting requirements of Chapter 382 RSMo (Insurance Holding Companies).

Related Party Transactions
The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2024. A brief description of these agreements are as follows:

Management Agreement: An agreement between Keystone and Keystone Insurance Holding Company (KIHC), effective January 1, 2015, whereby KIHC provides underwriting, claims and other corporate management services to the Company. Keystone's Chairman and Chief Executive Officer owns Keystone Insurance Holding Company.

Agency Agreement: An agreement between Keystone and Cogeris Insurance Group, LLC (Cogeris), effective January 1, 2015, whereby Cogeris serves as the Company's non-exclusive agent in the production of medical professional liability insurance. Keystone's Chairman and Chief Executive Officer owns more than a majority of Cogeris.

TERRITORY AND PLAN OF OPERATION

Keystone is licensed as a medical malpractice insurer under Chapter 383 (Malpractice Insurance) in the state of Missouri. Keystone only writes medical malpractice coverage in this state.

Keystone generally limits its coverage to physicians who practice in one of twelve specialties the Company has identified as low risk, based on proprietary internal analysis. Policies are issued primarily on a claims-made basis, with limits of $1 million per occurrence and $3 million aggregate. An extended reporting endorsement is available on a claims-occurring basis. Free tail coverage is offered in the event of death, disability or retirement.

GROWTH OF COMPANY AND LOSS EXPERIENCE

Keystone's net premiums written decreased in 2024 due to a change in the reinsurance program effective July 1, 2024, which resulted in all premiums and losses being ceded to the reinsurer. The decrease in net premiums written and the increase in surplus led to a significant improvement in the writing ratio in 2024.

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
2021	$ 3,082	$ 477	$ 247	12.5
2022	2,262	(820)	228	9.9
2023	3,363	1,101	307	11.0
2024	991	(2,372)	1,310	0.8

Keystone's loss ratio fluctuated from year to year. The small number of claims received annually causes the ratio to fluctuate.

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
2021	$ 2,827	$ 2,587	0.92
2022	2,557	1,673	0.65
2023	3,174	2,536	0.80
2024	2,231	1,300	0.58

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	2021	2022	2023	2024
Direct Premiums Written	$ 3,610	$ 3,923	$ 4,305	$ 4,465
Reinsurance Ceded:				
Non-Affiliates	528	1,661	943	3,475
Net Premiums Written	**$ 3,082**	**$ 2,262**	**$ 3,363**	**$ 991**

Assumed Reinsurance

The Company did not assume any premiums during the period under examination.

Ceded Reinsurance
Keystone places reinsurance through an intermediary, Guy Carpenter & Company LLC.

Effective July 1, 2024, the Company entered an 18-month quota share reinsurance treaty with COPIC Insurance Company under which 100 percent of premiums and losses are ceded to the reinsurer, subject to a maximum loss of 400 percent of ceded reinsurance premium. The limits of liability of Keystone with respect to any one policy shall be deemed not to exceed $1,000,000 per claim and $3,000,000 in the aggregate.

For the treaty year from July 1, 2023, through June 30, 2024, Keystone had an excess-of-loss treaty that covered losses in excess of $300,000 per claim or $600,000 per event. The reinsurer's limit was $900,000 per claim or $600,000 per event. For all prior treaty years, the Company's retention under the excess-of-loss treaty was $200,000 per claim or $600,000 per event, and the reinsurer's limit was $1,000,000 per claim or $600,000 per event.

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, Armanino LLP, in St. Louis, Missouri, performed the statutory audit of the Company for the years under examination. Reliance was placed upon the CPA workpapers as deemed appropriate.

Actuarial Opinion
The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Gordon Thompson, FCAS, FSA, MAAA, for 2024. Mr. Thompson is employed by AmeRisk Consulting, LLC in Albuquerque, New Mexico. Russel L. Sutter, FCAS, MAAA, with WTW in St. Louis, Missouri, issued the actuarial opinion for 2023 and 2022. Ronald T. Kuehn, FCAS, MAAA, with Huggins Actuarial Services, Inc., in Media, Pennsylvania, issued the actuarial opinion for 2021.

Consulting Actuary
Pursuant to a contract with the Department, Kristine Fitzgerald, ACAS, MAAA, FCA of Actuarial & Technical Solutions, Inc., reviewed the underlying actuarial assumptions and methodologies used by Keystone's appointed actuary to estimate the loss reserves, LAE reserves, and UEPR for DD&R extended reporting contracts. Ms. Fitzgerald determined that the assumptions and methods were appropriate for the loss and LAE reserves. The Company's carried loss and LAE reserves that were reported in the statutory financial statements as of December 31, 2024, fall within the appointed actuary's range of reasonable estimates. Ms. Fitzgerald opined that the appointed actuary's estimate of UEPR for DD&R was in error, both mathematically and mechanically. The Company's carried UEPR for DD&R as reported in the statutory financial statements as of December 31, 2024, equals the appointed actuary's actuarial central estimate.

Information Systems
In conjunction with this examination, Kimberly Dobbs, MBA, CFE, AES, CISA, the Department's Information Systems Examiner-in-Charge, reviewed the Company's information systems.

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 Keystone Mutual Insurance Company for the period ending December 31, 2024. 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, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 2,264,187	$ 0	$ 2,264,187
Common Stocks:	1,036,005	0	1,036,005
Cash, Cash Equivalents, and Short-Term Investments	1,382,492	0	1,382,492
Investment Income Due and Accrued	34,214	0	34,214
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	417,831	0	417,831
Deferred Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	828,761	0	828,761
Reinsurance:			
Amounts Recoverable from Reinsurers	447,487	0	447,487
Other Amounts Receivable Under Reinsurance Contracts	369,937	0	369,937
Current Federal and Foreign Income Tax Recoverable and Interest Thereon	71,875	0	71,875
Net Deferred Tax Asset	207,151	88,137	119,014
Furniture and Equipment, Including Health Care Delivery Assets	14,611	14,611	0
Receivables from Parent, Subsidiaries, and Affiliates	250,000	0	250,000
Aggregate Write-Ins for Other-Than-Invested Assets	11,796	9,660	2,137
TOTAL ASSETS	**$ 7,336,347**	**$ 112,408**	**$ 7,223,939**

LIABILITIES, SURPLUS AND OTHER FUNDS
As of December 31, 2024

Losses	$ 1,395,050
Loss Adjustment Expenses	1,296,314
Other Expenses	359,371
Taxes, Licenses, and Fees	8,606
Unearned Premiums (Note 1)	552,016
Advance Premiums	253,435
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	2,049,620
TOTAL LIABILITIES	**$ 5,914,412**
Aggregate Write-Ins for Other-than-Special Surplus Funds	1,738,662
Surplus Notes	1,557,124
Unassigned Funds (Surplus)	(1,986,259)
TOTAL CAPITAL AND SURPLUS	**$ 1,309,527**
TOTAL LIABILITIES AND SURPLUS	**$ 7,223,939**

STATEMENT OF INCOME

For the Year Ended December 31, 2024

Premiums Earned	$	2,230,921
DEDUCTIONS:		
Losses Incurred		288,380
Loss Adjustment Expenses Incurred		1,011,729
Other Underwriting Expenses Incurred		554,446
Total Underwriting Deductions	$	1,854,555
Net Underwriting Gain (Loss)	**$**	**376,366**
Net Investment Income Earned		(41,491)
Net Realized Capital Gains		(56)
Net Investment Gain (Loss)	**$**	**(41,547)**
Finance and Service Charges Not Included in Premiums		127,195
Federal and Foreign Income Taxes Incurred		(12,456)
NET INCOME (LOSS)	**$**	**449,558**

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2021 to December 31, 2024

($000s omitted)

	2021	**2022**	**2023**	**2024**
Capital and Surplus, Beginning of Year	$ 672	$ 247	$ 228	$ 307
Net Income (Loss)	(521)	(16)	(263)	450
Change in Net Unrealized Capital Gains (Losses) Less Capital Gains Tax	(14)	(182)	35	(40)
Change in Net Deferred Income Tax	94	47	47	(101)
Change in Nonadmitted Assets	(159)	(73)	(42)	233
Change in Surplus Notes	63	63	63	(50)
Aggregate Write-Ins for Gains and Losses in Surplus	112	142	239	511
Net Change in Capital and Surplus	(425)	(19)	79	1,003
Capital and Surplus, End of Year	**$ 247**	**$ 228**	**$ 307**	**$ 1,310**

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

DD&R Extended Reporting Contracts Page 7

The Company should annually disclose to the Department the following information on DD&R extended reporting contracts offered for no additional premium; the information should be as of year-end:

1. The number of DD&R policies issued during the previous ten calendar years, shown separately by issue year.
2. The number of claims reported under the Company's DD&R policies during the previous ten calendar years, shown separately by report year.
3. The number of open claims reported under the Company's DD&R policies, shown separately by report year.
4. The case and IBNR reserves for open claims reported under the Company's DD&R policies, shown separately by report year and separately by gross of ceded reinsurance and net of ceded reinsurance.
5. The paid loss and loss adjustment expenses on claims reported under the Company's DD&R policies during the previous ten calendar years, shown separately by report year and separately by gross of ceded reinsurance and net of ceded reinsurance.
6. The number of claims-made policyholders currently eligible to be issued a DD&R policy in the case of death, disability, or retirement.
7. The loading in the claims-made premium for DD&R coverage (3.2% as of year-end 2024).
8. The number of issued DD&R policies in force.
9. The reinsurance coverage applicable to DD&R policies issued during the coming calendar year; this information should be supported by a statement from the reinsurer or reinsurance broker.

SUBSEQUENT EVENTS

For the year ending December 31, 2025, Keystone reported a $437,421 decrease in surplus, a 33 percent decrease from the prior-year end. As of December 31, 2025, Keystone reported total surplus of $872,106.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Keystone Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Brian D. Hammann, CFE, CPA, Ethan Adrian, APIR and Justin Lamb, MBA, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Shannon Schmoeger, CFE ARe, 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 Keystone 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.

HAILEY LUEBBERT
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES MARCH 30, 2027
OSAGE COUNTY
COMMISSION #15634366

Shannon Schmoeger, CFE, ARe
Chief Financial Examiner
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 23rd day of June, 2026.

My commission expires: March 30, 2027

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.

Michael R. Shadowens

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