



DEPARTMENT OF COMMERCE & INSURANCE

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

ORDER

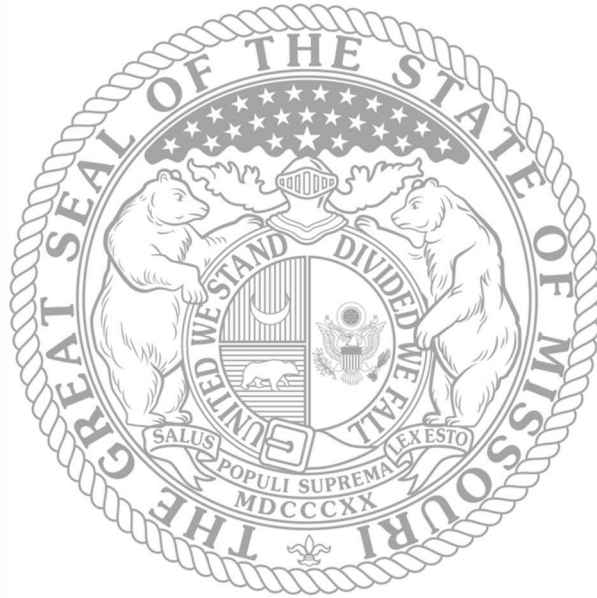
After full consideration and review of the report of the financial examination of Farmers' and Laborers' Mutual Insurance Company for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director, Missouri Department of Commerce and Insurance pursuant to section 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 Farmers' and Laborers' 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 14th day of August, 2025.



Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

FARMERS' AND LABORERS' MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

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

JEFFERSON CITY, MISSOURI

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Montgomery City, MO
July 15, 2025

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

FARMERS' AND LABORERS' MUTUAL INSURANCE COMPANY

hereinafter referred to as such, as the Company. Its administrative office is located at 232 South Sturgeon Street, Montgomery City, Missouri 63361, telephone number (573) 564-3200. The fieldwork for this examination began on January 15, 2025, 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 the Farmers' and Laborers' Mutual Insurance Company. The last examination of the Company by the Department covered the period of January 1, 2014, through December 31, 2018. The current examination covers the period of January 1, 2019, through December 31, 2023, 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 and incorporated on October 23, 1891, as Farmers' and Laborers' Mutual Insurance Company of Montgomery County Missouri. On September 24, 2005, the Company changed its name to Farmers' and Laborers' Mutual Insurance Company. On January 1, 2006, Monroe Mutual Insurance Company was merged with the Company, with the Company being the surviving entity.

The Company has a Certificate of Authority dated December 1, 1988, 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 second Saturday of March at the home office of the Company. Special meetings of the members shall be called by the Board of Directors at any time or upon petition of one fourth of the Company's members. Eight members represented shall constitute a quorum at any membership meeting.

The management of the Company is vested in a Board of Directors that are elected from the general membership. The Board of Directors consists of six members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets twice monthly.

<u>Name and Address</u>	<u>Occupation</u>
Derrick Cochran Middletown, Missouri	Agent/Farmer
Keely Uthlaut New Florence, Missouri	Agent/Accountant
Randy Todd Wellsville, Missouri	Agent/Farmer
Mark Stevens Montgomery City, Missouri	Agent/Farmer
Becky Powers High Hill, Missouri	Agent
Kent Hall New Florence, Missouri	Agent/Farmer

Officers

The officers elected and serving, as of December 31, 2023, were as follows:

<u>Name</u>	<u>Office</u>
Derrick Cochran	President
Keely Uthlaut	Vice President
Samantha Alder	Secretary
Todd Randy	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 nor the Bylaws were amended during the examination period. The minutes of the annual membership meeting and Board of Directors meetings were reviewed for the period under examination.

EMPLOYEE BENEFITS

The Company has four full-time employees and one part-time employee. Employee benefits provided by the Company include a retirement plan, paid time off, and health, life, and short-term disability insurance.

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 380.601 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 agencies. Agents receive a 14% commission on all new and renewal business written.

Policy Forms and Underwriting Practices

The Company utilizes AAIS and MAMIC policy 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. Property inspections are performed by the agents and claims adjusting is contracted with two outside companies.

GROWTH OF COMPANY AND LOSS EXPERIENCE

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

(000's omitted)

Year	Admitted Assets	Liabilities	Gross Premiums	Gross Losses	Investment Income (Loss)	Underwriting Income (Loss)	Net Income (Loss)
2023	\$6,810	\$1,825	\$4,074	\$5,526	\$(30)	\$ 127	\$ 98
2022	6,907	2,129	3,821	1,579	194	(135)	52
2021	6,740	1,881	3,704	1,188	135	227	339
2020	6,191	1,603	3,665	2,845	130	(69)	89
2019	5,970	1,475	3,470	2,477	192	(44)	122

At year-end 2023, there were 3,543 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	2019	2020	2021	2022	2023
Direct	\$ 3,470	\$ 3,665	\$ 3,704	\$ 3,821	\$ 4,074
Assumed	28	28	29	44	28
Ceded	(1,380)	(1,429)	(1,693)	(1,413)	(1,546)
Net Written	\$ 2,118	\$ 2,264	\$ 2,040	\$ 2,452	\$ 2,556

Assumed Reinsurance

MAMIC Mutual Insurance Company (MAMIC) issues direct policies to insure agents' errors and omissions liability and directors' and officers' liability risks for various mutual insurance companies, including the Company. The policy risks insured by MAMIC for these products are pooled and ceded to participating mutual insurance companies. The Company assumes a 5% share of the interests and liabilities of the MAMIC pooled risks.

Ceded Reinsurance

The Company cedes business to various highly rated reinsurers (reinsurer) through intermediary Guy Carpenter. The Company's property coverage is reinsured on a per risk excess of loss, catastrophe excess of loss, and unlimited aggregate excess of loss basis. Under the per risk section of the agreement, the Company retains \$100,000 per risk, and the reinsurer's limit is \$900,000 per risk and \$1,800,000 per occurrence. Under the catastrophe section of the agreement, the Company retains \$475,000 per occurrence, and the reinsurer's limit is \$3,000,000. Under the unlimited aggregate section of the agreement, the reinsurer is responsible for 100% of the Company's net losses which exceed 75% of the Company's gross net earned premium income during the year.

The Company's liability business is covered by a casualty quota share reinsurance agreement where the Company cedes 100% of its premiums and losses to the reinsurer and receives a 30% ceding commission.

The Company also cedes business through a property facultative pro rata reinsurance program and an umbrella reinsurance contract. Under the property facultative program, the Company has a maximum cession of \$500,000 and a minimum net retention of \$40,000. Under the umbrella reinsurance contract, the Company cedes premium and losses of 95% for the first \$1 million in coverage and 100% for the second \$1 million in coverage and receives a 31% 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 an accrual basis. The CPA firm of Wade Stables, P.C., of St. Louis, Missouri, performs annual financial statement compilations and prepares the annual statement and 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 the Farmers' and Laborers' Mutual Insurance Company for the period ending December 31, 2023. 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, 2023

Bonds	\$ 2,932,155
Mutual Funds	91,454
Real Estate	227,112
Cash on Deposit	727,812
Other Investments	461,884
Reinsurance Recoverable on Paid Losses	2,273,802
Federal Income Tax Recoverable	71,684
Prepaid Expenses	23,644
Unclaimed Property	141
TOTAL ASSETS	\$ 6,809,688

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Gross Losses Unpaid	\$ 0
Ceded Reinsurance Premium Payable	123,020
Unearned Premium	1,602,953
Accounts Payable (Other)	10,879
Prepaid Premiums	85,274
Accrued Payroll Taxes	2,699
TOTAL LIABILITIES	\$ 1,824,825
Guaranty Fund	150,000
Other Surplus	4,834,863
TOTAL POLICYHOLDER SURPLUS	\$ 4,984,863
TOTAL LIABILITIES AND SURPLUS	\$ 6,809,688

STATEMENT OF INCOME

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 2,265,877
Other Insurance Income	244,777
Net Losses & Loss Adjustment Expense	(1,328,073)
Underwriting Expenses	(1,055,458)
Underwriting Income (Loss)	\$ 127,123
Investment Income	(28,677)
Investment Expenses	(885)
Net Investment Gain (Loss)	\$ (29,562)
Other Income	-
Gross Profit or Loss	\$ 97,561
Federal Income Tax	-
NET INCOME (LOSS)	\$ 97,561

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2019, to December 31, 2023

	2019	2020	2021	2022	2023
Beginning Policyholder's Surplus	\$ 4,347	\$ 4,496	\$ 4,532	\$ 4,859	\$ 4,778
Net Income (Loss)	122	33	339	52	98
Change in Unrealized Gains (Losses)	26	4	(12)	(133)	110
Ending Policyholder's Surplus	\$ 4,496	\$ 4,532	\$ 4,859	\$ 4,778	\$ 4,985

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

None.

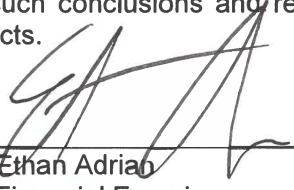
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Farmers' and Laborers' Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

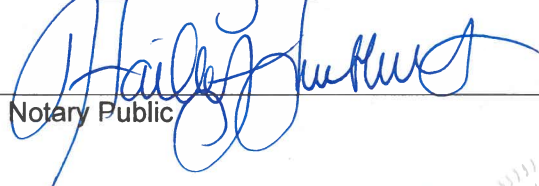
State of Missouri)
) ss
County of Cole)

I, Ethan Adrian, 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 Farmers' and Laborers' 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.

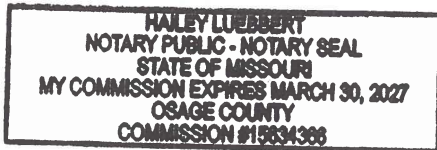


Ethan Adrian
Financial Examiner
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 15th day of July, 2025.

My commission expires: Mar 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.

A handwritten signature in black ink that reads "Michael R. Shadowens". The signature is written in a cursive style with a horizontal line underneath it.

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