



## DEPARTMENT OF COMMERCE & INSURANCE

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

### ORDER

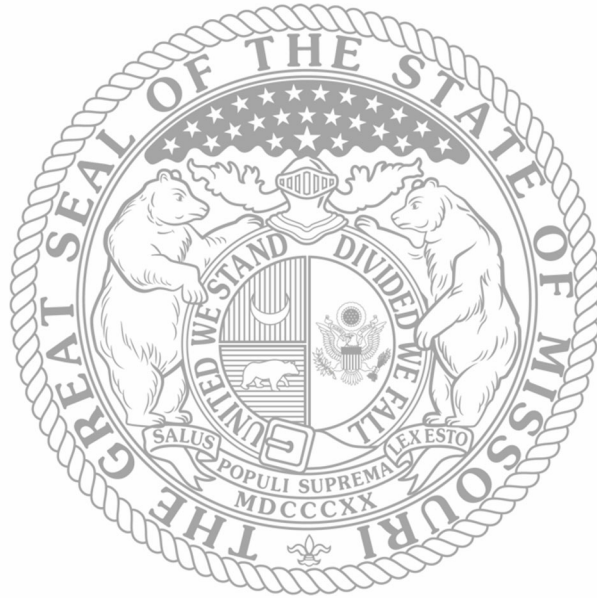
After full consideration and review of the report of the financial examination of Andrew County Mutual Insurance Company for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director, Missouri 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 Andrew County 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 17<sup>th</sup> day of April, 2025.



Angela L. Nelson, Director  
Department of Commerce and Insurance



REPORT OF  
FINANCIAL EXAMINATION OF

# ANDREW COUNTY MUTUAL INSURANCE COMPANY

AS OF  
DECEMBER 31, 2023

STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Savannah, Missouri  
January 10, 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

**Andrew County Mutual Insurance Company**

hereinafter referred to as such, or as the Company. Its administrative office is located at 422 Court Street (P.O. Box 263), Savannah, Missouri 64485, telephone number (816) 324-3151. The fieldwork for this examination began on January 6, 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 Andrew County 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 on December 21, 1889, and was incorporated on July 25, 1890, as Farmers Mutual Fire, Lightning and Windstorm Insurance Company of Andrew County, Missouri. The Company was subsequently known as Farmers Mutual Insurance Company of Andrew County, Missouri, and in 1985 changed its name to Andrew County Mutual Insurance Company.

The Company has a Certificate of Authority dated April 1, 1985, 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 Tuesday in April at the home office of the Company or at such other place as may be designated by the Board of Directors. Proxy voting is permitted.

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 twelve times per year.

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

<b><u>Name and Address</u></b>	<b><u>Occupation</u></b>
Gary Baumann Savannah, Missouri	Farmer
Steven Cole Rosendale, Missouri	Farmer
Terry Evans Cosby, Missouri	Farmer/Agent
Ray Furst Cosby, Missouri	Retired Farmer
Brenda Howell Savannah, Missouri	Court Reporter
Johnnie Hubach Rea, Missouri	Farmer
Brandon Rasnic Fillmore, Missouri	Farmer
Randy Roberts Rea, Missouri	Farmer/Agent

**Officers**

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

<b><u>Name</u></b>	<b><u>Office</u></b>
Gary Baumann	President
Steven Cole	Vice President
Kailea Nauman	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. The Articles of Incorporation and Bylaws were not 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 two full-time employees. The benefits provided to the employee(s) include annual leave, sick leave, and retirement.

**INSURANCE PRODUCTS AND RELATED PRACTICES**

**Territory and Plan of Operations**

The Company is licensed by the Missouri Department of Commerce and Insurance as an Extended Missouri Mutual Insurance Company operating under Sections 380.201 through 380.611 RSMo. (Extended Missouri Mutual Companies). The Company is authorized to write fire, wind, and liability insurance in all counties in the state of Missouri. The Company writes fire, wind, and liability coverages. The Company's policies are sold by three agents.

**Policy Forms and Underwriting Practices**

The Company utilizes American Association of Insurance Services (AAIS), Grinnell Mutual Reinsurance Company (the Reinsurer), and Missouri Association of Mutual Insurance Companies (MAMIC) policy forms. Policies are written on a 3-year continuous period. Inspections are performed by the agents. Claim adjusting is performed by the Reinsurer or the agents.

### GROWTH OF COMPANY AND LOSS EXPERIENCE

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

(\$000s omitted)

Year	Admitted Assets	Liabilities	Gross Premiums	Gross Losses	Investment Income (Loss)	Underwriting Income (Loss)	Net Income (Loss)
2023	\$3,411	\$659	\$1,332	\$ 423	\$93	\$ 60	\$ 192
2022	3,195	657	1,236	815	79	-	87
2021	2,997	496	1,214	1,200	71	(110)	(31)
2020	3,167	632	1,163	579	83	(14)	75
2019	2,984	525	1,149	1,010	98	(281)	(170)

At year-end 2023, there were 1,047 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	\$ 1,149	\$ 1,163	\$ 1,214	\$ 1,236	\$ 1,332
Assumed	-	-	-	-	-
Ceded	(387)	(397)	(373)	(367)	(444)
<b>Net Written</b>	<b>\$ 762</b>	<b>\$ 766</b>	<b>\$ 841</b>	<b>\$ 869</b>	<b>\$ 888</b>

#### Assumed Reinsurance

The Company does not reinsure other companies.

#### Ceded Reinsurance

The Company has all of its reinsurance through Grinnell Mutual Reinsurance Company (the Reinsurer) under a single contract with multiple sections covering property and liability risks.

Under the per risk excess of loss section of the agreement, the Company retains \$125,000 per property risk, and the Reinsurer is responsible for the excess, limited to \$15,000,000.

Under the catastrophe excess of loss coverage, the Company retains \$300,000 per occurrence, and the Reinsurer is responsible for 100% of loss in excess of the Company's retention.

Under the aggregate excess of loss section of the agreement, the Reinsurer is liable for 100% of the Company's net losses which exceed the Company's annual aggregate net retention, or attachment point, of \$740,000.

For liability risks, the Company cedes 100% to the Reinsurer and 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 an accrual basis. The firm of Harden, Cummins, Moss & Miller, LLC performs an annual audit of the Company's financial statements, compiles the Annual Statement, and prepares 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 Andrew County 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	\$ 2,304,373
Mutual Funds	332,555
Real Estate	202,657
Cash on Deposit	532,582
Interest Due and Accrued	34,354
Prepaid Insurance	4,398
<b>TOTAL ASSETS</b>	<b>\$ 3,410,919</b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2023

Unpaid Losses	\$ 35,682
Ceded Reinsurance Premium Payable	40,076
Unearned Premium	579,460
Payroll Tax	1,000
Accounts Payable (Other)	2,394
<b>TOTAL LIABILITIES</b>	<b>658,612</b>
Guaranty Fund	150,000
Other Surplus	2,602,307
<b>TOTAL POLICYHOLDER SURPLUS</b>	<b>\$ 2,752,307</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ 3,410,919</b>

**STATEMENT OF INCOME**

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 813,013
Other Insurance Income	46,958
Net Losses & Loss Adjustment Expense	(360,936)
Underwriting Expenses	(438,864)
<b>Underwriting Income (Loss)</b>	<b>\$ 60,171</b>
Investment Income	92,677
Investment Expenses	-
<b>Net Investment Gain (Loss)</b>	<b>\$ 92,677</b>
Other Income	48,314
<b>Gross Profit or Loss</b>	<b>\$ 201,162</b>
Federal Income Tax	(8,710)
<b>NET INCOME (LOSS)</b>	<b>\$ 192,452</b>

**RECONCILIATION OF CAPITAL AND SURPLUS**

Changes from January 1, 2019 to December 31, 2023

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Beginning Policyholder's Surplus	\$ 2,629,712	\$ 2,459,461	\$ 2,534,290	\$ 2,500,260	\$ 2,538,155
Net Income (Loss)	(170,251)	74,829	(30,803)	87,459	192,452
Mutual Fund Adjustment	-	-	(3,227)	(49,564)	21,700
<b>Ending Policyholder's Surplus</b>	<b>\$ 2,459,461</b>	<b>2,534,290</b>	<b>2,500,260</b>	<b>2,538,155</b>	<b>2,752,307</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 Andrew County Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

**VERIFICATION**

State of Missouri                    )  
  )   ss  
County of Cole                    )

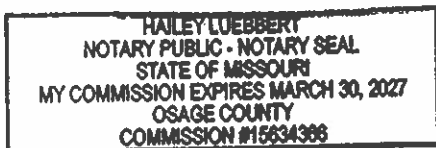
I, Conner Nilges, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Andrew County Mutual Insurance Company, its agents or other persons examined, or 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.

Conner Nilges

Conner Nilges, CFE  
Certified Examiner  
Missouri Department of Commerce and  
Insurance

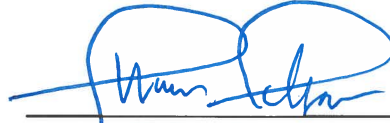
Sworn to and subscribed before me this 26<sup>th</sup> day of February, 2025.

My commission expires: March 30, 2027  
Hailey Luebbert  
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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Shannon Schmoeger, CFE  
Chief Examiner  
Missouri Department of Commerce and  
Insurance