



## DEPARTMENT OF COMMERCE & INSURANCE

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

### ORDER

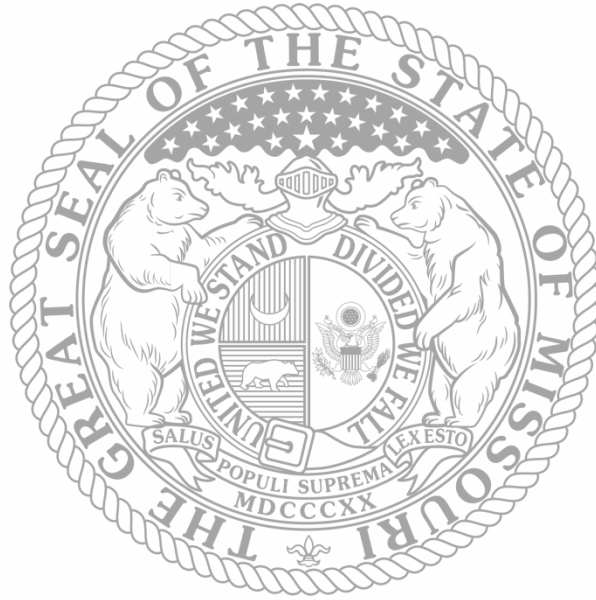
After full consideration and review of the report of the financial examination of Barton Mutual Insurance Company for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director, Missouri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



Angela L. Nelson, Director  
Department of Commerce and Insurance



REPORT OF  
FINANCIAL EXAMINATION OF

# **BARTON MUTUAL INSURANCE COMPANY**

AS OF  
DECEMBER 31, 2023

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
EMPLOYEE BENEFITS.....	3
<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>4</b>
<b>REINSURANCE.....</b>	<b>4</b>
GENERAL.....	4
ASSUMED REINSURANCE .....	4
CEDED REINSURANCE.....	4
<b>ACCOUNTS AND RECORDS .....</b>	<b>5</b>
INFORMATION SYSTEMS .....	5
<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>

Liberal, MO  
November 18, 2024

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

### **Barton Mutual Insurance Company**

hereinafter referred to as such, as Barton Mutual, or as the Company. Its administrative office is located at 120 South Main Street, Liberal, Missouri 64762, telephone number (417) 843-6265. The fieldwork for this examination began on November 18, 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 Barton Mutual. 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 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.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse findings, significant non-complaint issues, or material changes to the financial statements noted during the examination.

## **COMPANY HISTORY**

### **General**

The Company was originally incorporated on March 19, 1894, as Farmers Mutual Fire Insurance Company of Barton County, Missouri. On March 1, 1969, the Company changed its name to Barton County Mutual Insurance Company. Effective October 1, 1971, the Company merged with Home Mutual Insurance Company, with Barton County Mutual Insurance Company being the surviving entity. On February 17, 2001, the Company changed its name to Barton Mutual Insurance Company. Effective January 1, 2012, the Company merged with two Missouri mutual companies, Cape Mutual Insurance Company (Cape) and Gateway Mutual Insurance Company (Gateway), with Barton Mutual being the surviving entity.

The Company has a certificate of Authority dated September 17, 2009, 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 fourth Thursday in March at the Company's home office or at the time and place that may be designed. Special meetings or the members may be called by the Board of Directors at any time and shall be called upon petition of one-fourth of the members. Eight members shall constitute a quorum at any membership meeting. Proxy voting is permitted.

The management of the Company is vested in a Board of Directors that are elected by 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 at least quarterly and additionally on an as-needed basis. Directors receive an annual retainer of \$5,000 and are compensated between \$250 and \$750 for each meeting attended, depending upon the type of meeting held.

Members serving on the Board of Directors as of December 31, 2023, were as follows:

#### **Name and Address**

Kevin DeVoy

Jason Powers

David Bub

Ray Tubaugh

Tom Flanigan

Randy Baker

Tom Shaw

Brian King

#### **Principal Occupation**

Retired Insurance Agent

Chief Business Development Officer

Attorney

Bank Senior Vice President/Loan Manager

Jasper County Commissioner

Insurance Agent

Missouri Department of Conservation

President/CEO, Barton Mutual Insurance Company

**Senior Officers**

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

<b><u>Name</u></b>	<b><u>Office</u></b>
Brian K. King	President
Dorothy L. Spivey	Vice-President & Secretary
Jeremy R. Goodell	Vice-President
Jacqui D. Nichols	Treasurer

**Conflict of Interest**

The Company has written conflict of interest procedures for the disclosure of material conflicts of interest of affiliations by its directors and officers. The Company's directors and officers sign conflict of interest statements on an annual basis. A review of the executed conflict of interest statements noted several significant potential conflicts were disclosed. Two directors disclosed being an agent or being an owner of an agency for the Company. One director disclosed being employed by a firm that performs legal services for the Company. One director disclosed being an employee of the bank that issued purchase cards for the Company. Directors abstain from voting on matters that could cause a potential conflict of interest.

**Corporate Records**

The Company's Articles of Incorporation and Bylaws were reviewed. No changes were made to the Bylaws or the Articles of Incorporation during the examination period. The membership and the Board of Directors meeting minutes were reviewed for the period under examination.

**EMPLOYEE BENEFITS**

The Company has forty-one full-time employees. Employee benefits offered by the Company include life insurance, health insurance, long-term disability insurance, health savings accounts, flexible spending accounts, matching contributions to retirement accounts, paid holidays and paid time off.

**INSURANCE PRODUCTS AND RELATED PRACTICES**

**Territory and Plan of Operations**

The Company is licensed by the Department of Commerce and Insurance as an Extended Missouri Mutual Company operating under Sections 380.201 through 380.611 RSMo (extended Missouri Mutual Companies). The Company is authorized to write fire, wind, liability and other insurance in all counties in the State of Missouri. The Company's policies are sold through 1,654 licensed agents who receive a 15% commission on new and renewal business. Agents receive bonus commissions by meeting minimum premium and loss ratio requirements on business produced by the agent.

**Policy Forms and Underwriting Practices**

The Company utilizes American Association of Insurance Services (AAIS) and custom policy forms. The policies are written on a continuous basis and renewed annually. Property inspections are performed by Company employees, and adjusting functions are performed by Company adjusters and independent adjusters. Rates are determined by the Board of Directors.

## 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	\$ 47,266	\$ 23,849	\$ 39,182	\$ 16,423	\$ 884	\$ 1,268	\$ 1,484
2022	36,913	14,979	27,845	9,828	436	2,931	2,593
2021	29,696	10,356	24,562	7,600	232	4,267	3,543
2020	25,388	8,840	24,679	8,703	230	4,015	3,735
2019	20,856	7,294	23,906	8,663	166	6,369	5,670

At year-end 2023, there were 25,134 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 Premiums Written	\$ 23,906	\$ 24,679	\$ 24,562	\$ 27,845	\$ 39,182
Reinsurance Assumed:	-	-	-	-	-
Reinsurance Ceded:	(23,671)	(14,578)	(12,582)	(11,821)	(13,582)
<b>Net Premiums Written</b>	<b>\$ 235</b>	<b>\$ 10,101</b>	<b>\$ 11,980</b>	<b>\$ 16,024</b>	<b>\$ 25,600</b>

### Assumed Reinsurance

The Company does not reinsure other companies.

### Ceded Reinsurance

The Company's reinsurance program consists of several coverages and is placed by intermediary Guy Carpenter with various highly rated reinsurers (reinsurer). Significant coverages are summarized, in general, below.

Under property and casualty quota share coverage, the Company cedes 30% of the first \$200,000 per loss to the reinsurer. Under property and casualty excess of loss coverage, the Company retains \$200,000 per loss, and the reinsurer's limit is \$800,000 per loss and \$1.6 million per loss occurrence. The Company carries additional casualty coverage, under which the reinsurer is responsible for \$1 million in losses in excess of a \$1 million retention. The Company also carries unlimited aggregate excess of loss coverage, which covers 100% of net property and casualty losses in excess of 80% of the Company's gross net earned premium income during the year.

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 Van de Ven, LLC, of Cape Girardeau, Missouri, performs an annual audit of the Company's financial statements and prepares the Company's annual statement and tax filings.

### **Information Systems**

In conjunction with this examination, Kim Dobbs, MBA, CFE, AES, CISA the department's Information Systems Financial 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 Barton 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	\$	33,186,715
Stocks		3,756
Mutual Funds		0
Mortgage Loans on Real Estate		0
Real Estate		397,995
Cash on Deposit		5,231,144
Premiums/Assessments/Agents Balances Uncollected		6,379,139
Reinsurance Recoverable on Paid Losses		826,972
Computer Equipment		7,413
Federal Income Tax Recoverable		102,223
Interest Due and Accrued		157,187
Prepaid Expenses		77,980
Funds Held by Reinsurer		874,523
Field Autos		21,180
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>47,266,227</b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2023

Gross Losses Unpaid	\$	4,907,700
Gross Loss Adjustment Expense Unpaid		942,530
Ceded Reinsurance Premium Payable		2,162,256
Unearned Premium		13,146,949
Payroll Tax		6,666
Accounts Payable to Agents		1,121,458
Accounts Payable (Other)		66,146
Prepaid Premiums		862,935
Accrued Expenses		392,803
Premium Tax Payable		239,742
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>23,849,185</b>
Guaranty Fund		1,600,000
Other Surplus		21,817,042
<b>TOTAL POLICYHOLDER SURPLUS</b>	<b>\$</b>	<b>23,817,042</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$</b>	<b>47,266,227</b>

**STATEMENT OF INCOME**

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 19,423,966
Other Insurance Income	5,862,348
Net Losses & Loss Adjustment Expense	(12,244,391)
Underwriting Expenses	(11,773,612)
<b>Underwriting Income (Loss)</b>	<b>\$ 1,268,311</b>
Investment Income	949,966
Investment Expenses	(66,326)
<b>Net Investment Gain (Loss)</b>	<b>\$ 883,640</b>
Other Income	50,971
<b>Gross Profit or Loss</b>	<b>\$ 2,202,922</b>
Federal Income Tax	(719,337)
<b>NET INCOME (LOSS)</b>	<b>\$ 1,483,585</b>

**RECONCILIATION OF CAPITAL AND SURPLUS**

Changes from January 1, 2019 to December 31, 2023

(\$000s omitted)

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Beginning Policyholder's Surplus	\$ 8,391	\$ 13,561	\$ 16,546	\$ 19,340	\$ 21,933
Net Income (Loss)	5,670	3,735	3,543	2,596	1,484
Payment on Surplus Note	(500)	(750)	(750)	-	-
<b>Ending Policyholder's Surplus</b>	<b>\$ 13,561</b>	<b>\$ 16,546</b>	<b>\$ 19,340</b>	<b>\$ 21,936</b>	<b>\$ 23,417</b>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

None.

**FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION**

None.

**SUMMARY OF RECOMMENDATIONS**

None.

**SUBSEQUENT EVENTS**

None.

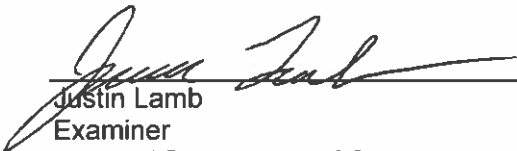
**ACKNOWLEDGMENT**

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


**VERIFICATION**

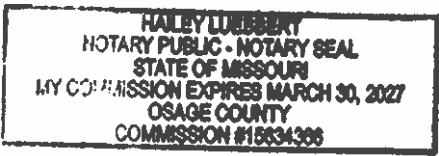
State of Missouri                    )  
  )    ss  
County of Cole                    )

I, Justin Lamb, 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 Barton 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.

  
Justin Lamb  
Examiner  
Missouri Department of Commerce and Insurance

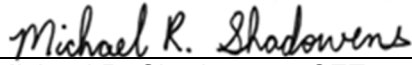
Sworn to and subscribed before me this 1<sup>st</sup> day of July, 2025.

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.

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