



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 Missouri Farm & Home 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.

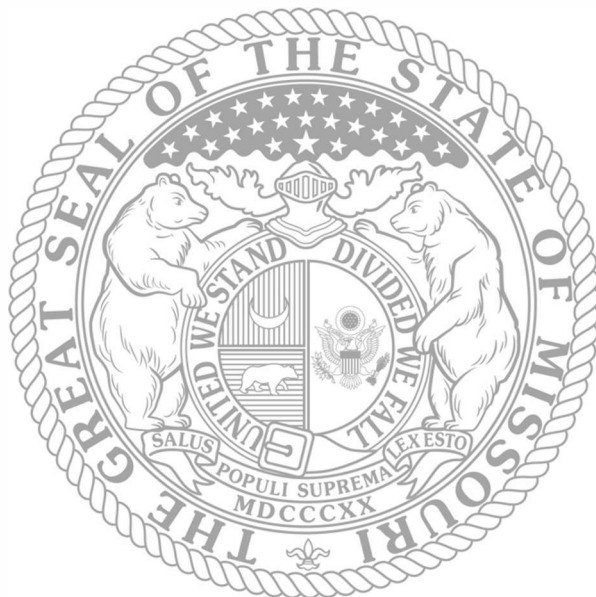
Based on such findings and conclusions, I hereby ORDER Missouri Farm & Home Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition 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 13th day of August, 2025.



A handwritten signature in blue ink, reading 'Angela L. Nelson', is written over a horizontal line.

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF THE
FINANCIAL EXAMINATION OF

MISSOURI FARM & HOME MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Richmond, Missouri
July 2, 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

MISSOURI FARM & HOME MUTUAL INSURANCE COMPANY

hereinafter referred to as such, or as the Company. Its administrative office is located at 400 North Spartan Drive, Richmond, Missouri 64085, telephone number (816) 776-3457. The fieldwork for this examination began on February 1, 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 Missouri Farm & Home 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 February 3, 1877, and incorporated on May 1, 1986, as the Patrons and Farmers Home Protection Company of Ray County. The Company currently operates as Missouri Farm & Home Insurance Company.

The Company has a Certificate of Authority dated January 1, 2018, and is covered by Sections 380.201 through 380.601 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 February at the home office of the Company. Special meetings of 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.

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 up to ten members, serving staggered three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately four times per year.

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

| <u>Name and Address</u> | <u>Occupation</u> |
|---------------------------------------|--------------------------|
| Michelle Rector Dover, Missouri | Banker |
| Kenneth Burns Norborne, Missouri | Farmer |
| Sean Kuellen Lexington, Missouri | Propane Deliverer |
| Ronald Peterson Richmond, Missouri | Utility Consultant |
| Jarrell Foreman Clarence, Missouri | FSA County Executive |
| Bruce Renfro Richmond, Missouri | Farmer |
| Troy Rust Independence, Missouri | Financial Planner |

Officers

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

| <u>Name</u> | <u>Office</u> |
|--------------------|-----------------------|
| Bruce Renfro | President |
| Ronald Peterson | Vice President |
| James Carter | 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. Neither the Articles of Incorporation nor the Bylaws were 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 four full-time and five part-time employees. The benefits package offered by the Company to its employees includes health insurance, IRA contributions, and paid time off.

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 380.611 RSMo.

The Company is authorized to write fire, wind, and liability insurance in all counties in the State of Missouri. The Company's policies are sold by 37 licensed independent agencies, which receive a commission of 15% on all policies written.

Policy Forms and Underwriting Practices

The Company uses American Association of Insurance Services (AAIS) forms for property policies and Grinnell Mutual Reinsurance Company policy forms for liability policies. The policies are written on a continuous period and renewed annually. Property inspections are performed by contracted vendors and reviewed by an inhouse inspection reviewer. Underwriting is handled by two inhouse underwriters. Claims are handled by independent adjusters and the Grinnell Mutual adjusting program.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's growth and loss experience 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 | \$ 5,370 | \$ 1,530 | \$ 3,613 | \$ 2,120 | \$ 143 | \$ (252) | \$ (110) |
| 2022 | 5,153 | 1,235 | 2,893 | 921 | 99 | 579 | 522 |
| 2021 | 4,523 | 1,048 | 2,722 | 1,447 | 86 | 220 | 258 |
| 2020 | 4,251 | 971 | 2,656 | 1,295 | 85 | 147 | 246 |
| 2019 | 3,660 | 634 | 2,392 | 1,713 | 79 | (170) | (92) |

At year-end 2023, there were 2,352 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 | \$ 2,392 | \$ 2,656 | \$ 2,722 | \$ 2,893 | \$ 3,613 |
| Assumed | - | - | - | - | - |
| Ceded | (888) | (755) | (776) | (438) | (696) |
| Net Written | \$ 1,504 | \$ 1,901 | \$ 1,946 | \$ 2,455 | \$ 2,917 |

Assumed Reinsurance

The Company does not reinsure other companies.

Ceded Reinsurance

The Company cedes business to Grinnell Mutual Reinsurance Company (the Reinsurer) through an agreement that provides per-risk excess of loss, catastrophe excess of loss, aggregate excess of loss for property risks and quota share coverage for liability risks.

Under the per risk excess of loss section of the agreement, the Company retains \$175,000 of losses per risk, and the Reinsurer's limit is \$15,000,000 per risk. Under the catastrophe excess of loss section of the agreement, the Company retains \$600,000 of losses per occurrence, and the Reinsurer's is responsible for 100% of the excess. Under the aggregate excess of loss section of the agreement, the Reinsurer pays 100% of the losses in excess of the annual attachment point, and the reinsurance coverage is unlimited. The attachment point for 2023 was \$1,800,000.

Under the liability reinsurance agreement, the Company cedes 100% of liability policy risks. The Reinsurer's maximum per occurrence limit for these policies is \$2,000,000 for farmowners liability and \$1,000,000 for all other liability coverages. The Company 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 CPA firm of Van de Ven, LLC, of Cape Girardeau, Missouri, performs an annual compilation of the Company's financial statements and prepares the Company's 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 Missouri Farm & Home 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 | \$ 2,962,455 |
| Mutual Funds | 619,358 |
| Real Estate | 336,693 |
| Cash on Deposit | 1,267,987 |
| Premium/Assessments/Agents Balances Uncollected | 914 |
| Federal Income Tax Recoverable | 142,400 |
| Interest Due and Accrued | 34,062 |
| Prepaid Insurance | 6,085 |
| TOTAL ASSETS | \$ 5,369,954 |

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

| | |
|--------------------------------------|---------------------|
| Gross Losses Unpaid | \$ 623 |
| Ceded Reinsurance Premium Payable | 65,276 |
| Unearned Premium | 1,458,371 |
| Payroll Tax | 1,901 |
| Accounts Payable (Other) | 3,713 |
| TOTAL LIABILITIES | \$ 1,529,884 |
| Guaranty Fund | 150,000 |
| Other Surplus | 3,690,070 |
| TOTAL POLICYHOLDER SURPLUS | \$ 3,840,070 |
| TOTAL LIABILITIES AND SURPLUS | \$ 5,396,954 |

STATEMENT OF INCOME

For the Year Ended December 31, 2023

| | |
|--------------------------------------|---------------------|
| Net Earned Assessment/Premium Income | \$ 2,561,505 |
| Other Insurance Income | 235,693 |
| Net Losses & Loss Adjustment Expense | (1,911,770) |
| Underwriting Expenses | (1,138,651) |
| Underwriting Income (Loss) | \$ (253,223) |
| Investment Income | 142,554 |
| Investment Expenses | (115) |
| Net Investment Gain (Loss) | \$ 142,439 |
| Other Income | 550 |
| Gross Profit or Loss | \$ (110,234) |
| Federal Income Tax | - |
| NET INCOME (LOSS) | \$ (110,234) |

RECONCILIATION OF CAPITAL AND SURPLUS

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

(\$000s omitted)

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Policyholder's Surplus | \$ 3,089 | \$ 3,026 | \$ 3,279 | \$ 3,475 | \$ 3,938 |
| Net Income (Loss) | (92) | 246 | 258 | 542 | (110) |
| Unrealized Gain (Loss) | 29 | 7 | (1) | (79) | 13 |
| Unearned Premium Adjustment | - | - | (61) | - | - |
| Ending Policyholder's Surplus | \$ 3,026 | \$ 3,279 | \$ 3,475 | \$ 3,938 | \$ 3,840 |

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 Missouri Farm & Home Mutual Insurance Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION


State of Missouri)
) ss
County of Cole)

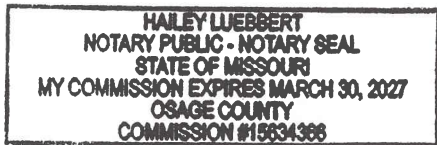
I, Ethan Adrian, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Missouri Farm & Home Mutual Insurance Company, its agents or other persons examined, 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 2nd 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.



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