



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 North Missouri 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.

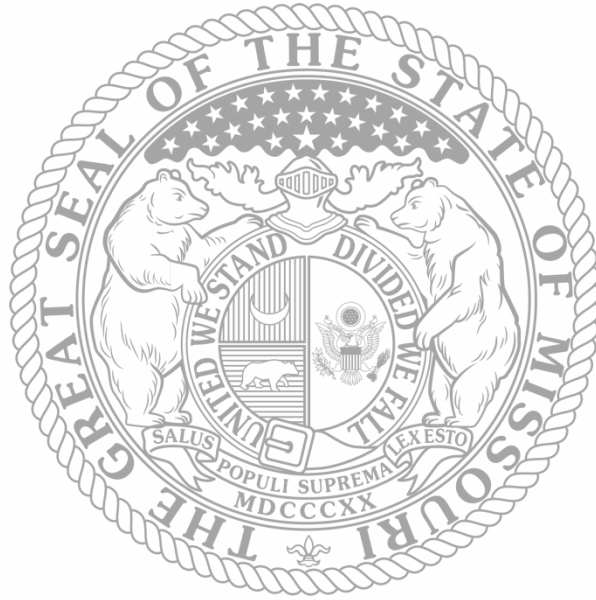
Based on such findings and conclusions, I hereby ORDER North Missouri Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition and 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 5th day of May, 2025.





Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

NORTH MISSOURI MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

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

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION.....	1
PERIOD COVERED.....	1
PROCEDURES.....	1
SUMMARY OF SIGNIFICANT FINDINGS.....	1
COMPANY HISTORY.....	2
GENERAL.....	2
MANAGEMENT AND CONTROL.....	2
BOARD OF DIRECTORS	2
OFFICERS.....	3
CONFLICT OF INTEREST.....	3
CORPORATE RECORDS.....	3
EMPLOYEE BENEFITS	3
INSURANCE PRODUCTS AND RELATED PRACTICES	3
POLICY FORMS AND UNDERWRITING PRACTICES.....	3
GROWTH OF COMPANY AND LOSS EXPERIENCE.....	4
REINSURANCE.....	4
GENERAL.....	4
ASSUMED REINSURANCE	4
CEDED REINSURANCE.....	4
ACCOUNTS AND RECORDS	5
FINANCIAL STATEMENTS.....	5
ASSETS.....	6
LIABILITIES, SURPLUS AND OTHER FUNDS.....	6
STATEMENT OF INCOME	7
RECONCILIATION OF CAPITAL AND SURPLUS	7

COMMENTS ON FINANCIAL STATEMENT ITEMS	8
FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION	8
SUMMARY OF RECOMMENDATIONS.....	8
SUBSEQUENT EVENTS.....	8
ACKNOWLEDGMENT	9
VERIFICATION.....	9
SUPERVISION	10

Princeton, MO
March 5, 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

North Missouri Mutual Insurance Company

hereinafter referred to as such, as NMMIC, or as the Company. Its administrative office is located at 701 East Main Street, Princeton, Missouri 64673, telephone number (660) 748-3415. The fieldwork for this examination began on October 9, 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 North Missouri 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-complaint issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

The Company was originally established on June 21, 1984, and was incorporated on July 11, 1894, as Mercer County Mutual Fire Insurance Company. On April 10, 1998, the Company changed its name to North Missouri Mutual Insurance Company.

The Company has a Certificate of Authority dated August 25, 2004, 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 final Wednesday in February, with the specific date and time being made no less than 30 days prior to that week for each year. Meetings are held at the home office or other place as designated by the Board of Directors. 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. Proxy voting is not 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 six members, serving staggered, three-year terms. All directors must be policyholders of the Company. The Board of Directors meets approximately every other month. Directors are compensated \$150 per meeting attended.

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

<u>Name and Address</u>	<u>Principal Occupation</u>
Mark Higgins Princeton, Missouri	Certified Public Accountant
Larry Pollard Spickard, Missouri	Retired
Toni Powell Princeton, Missouri	Teacher
Tammy Hart Princeton, Missouri	Physician
Ronald Parsons Cainsville, Missouri	Highway Department Employee
Terry Puffer Mercer, Missouri	Retired

Officers

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

<u>Name</u>	<u>Office</u>
Mark Higgins	President
Larry Pollard	Vice President
Toni Powell	Secretary/Treasurer

Conflict of Interest

The Company has a written conflict of interest procedures for the disclosure of material conflicts of interest or affiliations by its directors and officers. The Company has its directors and officers sign conflict of interest statements on an annual basis. A review of the completed statements noted no material potential conflicts.

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 membership and the Board of Directors meetings were reviewed for the period under examination.

EMPLOYEE BENEFITS

The Company has two full-time employees. The Company provides health insurance, paid time off, and retirement contributions matching for its full-time employees.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

The Company is licensed by the Department as an Extended Missouri Mutual Company operating under Sections 380.201 through 380.611, RSM0 (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's policies are sold by twenty licensed agents, who receive a commission of 15% on new and renewal business.

Policy Forms and Underwriting Practices

The Company uses AAIS and Grinnell Mutual Reinsurance Company policy forms, and the policies are renewed annually. Rates are determined by the Board of Directors, and renewal billings are mailed directly to be insured. Property Inspections are performed by the Company's agents. Claims adjusting is performed by the Company's agents or by independent adjusters, at the discretion of the Company.

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	\$1,238	\$508	\$1,119	\$ 748	\$38	\$ (111)	\$ (70)
2022	1,220	422	1,048	1,047	2	(116)	(111)
2021	1,340	581	1,085	272	21	(26)	(2)
2020	1,444	523	1,106	448	27	(55)	(27)
2019	1,570	622	1,102	506	33	(251)	(216)

At year-end 2023, there were 1,041 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	\$ 1,102	\$ 1,106	\$ 1,085	\$ 1,048	\$ 1,118
Reinsurance Assumed:	11	11	12	12	11
Reinsurance Ceded:	(161)	(140)	(132)	(149)	(650)
Net Premiums Written	\$ 952	\$ 977	\$ 965	\$ 911	\$ 479

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. All of the policy risks insured by MAMIC for these two products are pooled and ceded to participating mutual insurance companies. The Company has a 2% share in the interests and liabilities of the pool.

Ceded Reinsurance

The Company has all of its reinsurance through Grinnell Mutual Reinsurance Company (Grinnell) as of the examination date.

The Company has a property reinsurance agreement that includes per risk and aggregate excess of loss coverage. Under the per risk excess of loss section of the agreement, the Company retains \$125,000 per risk, and Grinnell covers 100% of the excess subject to a maximum reinsurance recovery of \$15 million for each risk. Under the aggregate excess of loss agreement, Grinnell is liable for all losses in excess of the Company's annual aggregate net retention, or attachment point. The attachment point for 2023 was \$225,000.

For liability risks, the Company cedes 100% of the premiums and losses to Grinnell 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 any assuming reinsurer should fail to perform its obligations under its reinsurance agreement with the Company.

ACCOUNTS AND RECORDS

The accounting records are maintained by the Company on an accrual basis. The CPA firm of Van de Ven, LLC, 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 North Missouri 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 workers for each individual key activity.

ASSETS

As of December 31, 2023

Mutual Funds	\$	71,220
Real Estate		10,740
Cash on Deposit		885,388
Other Investments		235,986
Premiums/Assessments/Agents Balances Uncollected		4,895
Reinsurance Recoverable on Paid Losses		11,300
Interest Due and Accrued		10,852
Prepaid Insurance		7,772
TOTAL ASSETS	\$	1,238,153

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Ceded Reinsurance Premium Payable	\$	95,850
Unearned Premium		395,452
Prepaid Policy Premiums		16,927
TOTAL LIABILITIES	\$	508,229
Guaranty Fund		150,000
Other Surplus		579,924
TOTAL POLICYHOLDER SURPLUS	\$	729,924
TOTAL LIABILITIES AND SURPLUS	\$	1,238,153

STATEMENT OF INCOME

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 445,359
Other Insurance Income	64,651
Net Losses & Loss Adjustment Expense	(249,860)
Underwriting Expenses	(370,740)
Underwriting Income (Loss)	\$ (110,590)
Investment Income	38,051
Investment Expenses	(455)
Net Investment Gain (Loss)	\$ 37,596
Other Income	2,857
Gross Profit or Loss	\$ (70,137)
Federal Income Tax	0
NET INCOME (LOSS)	\$ (70,137)

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	\$ 1,164	\$ 948	\$ 921	\$ 759	\$ 798
Net Income (Loss)	(216)	(27)	(2)	(111)	(70)
Mutual Funds Market Adjustments	-	-	(1)	(9)	2
Non-Admitted Mutual Funds Adjustment	-	-	(159)	159	-
Ending Policyholder's Surplus	\$ 948	\$ 921	\$ 759	\$ 798	\$ 730

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

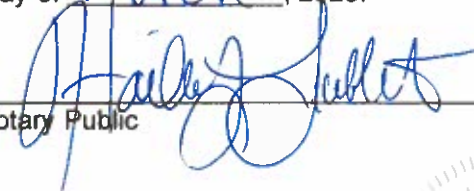
VERIFICATION

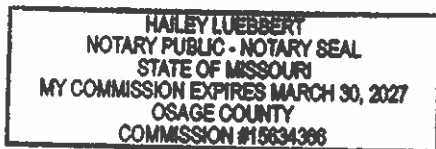
State of Missouri)
) ss
County of Cole)

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 North Missouri 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 5th day of March, 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.



Shannon Schmoeger CFE
Examiner-in-Charge
Missouri Department of Commerce and
Insurance