



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 Heritage 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.

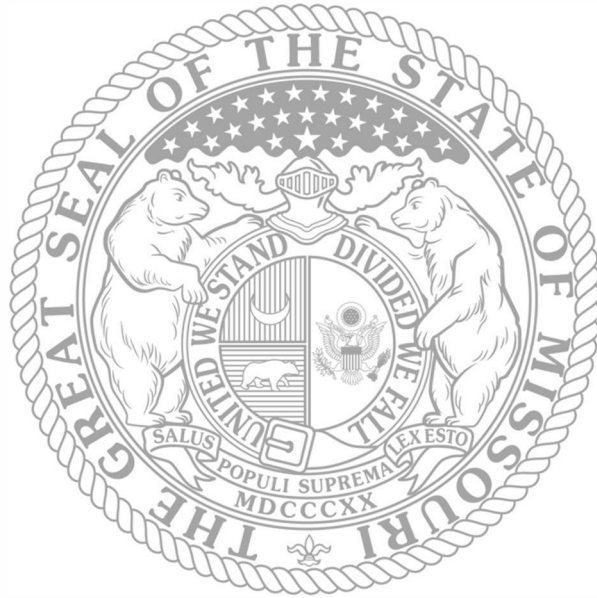
Based on such findings and conclusions, I hereby ORDER Missouri Heritage Mutual Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed in such report: (1) account for its financial condition 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 3rd day of October, 2025.



A handwritten signature in blue ink that reads "Angela L. Nelson".

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

MISSOURI HERITAGE MUTUAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Gordonville, MO
August 19, 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 Heritage Mutual Insurance Company

hereinafter referred to as such, as MHMIC, or as the Company. Its administrative office is located at 192 State Highway Z, Gordonville, MO 63752, telephone number (573) 243-2884. The fieldwork for this examination began on June 9, 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 Heritage 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, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) 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 are separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

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

COMPANY HISTORY

General

Missouri Heritage Mutual Insurance Company was originally organized as Cape Girardeau County Farmers Mutual Aid Society and began business on June 7, 1869. On September 7, 1935, the Company was granted a charter of incorporation by the Missouri Secretary of State. On September 2, 1972, the Company changed its name to Gordonville Mutual Insurance Company.

Effective January 1, 2006, the Department approved a merger between Gordonville Mutual Insurance Company and Community Mutual Insurance Company. Pursuant to this merger, Gordonville Mutual Insurance Company was the surviving corporation, and its name changed to Missouri Heritage Mutual Insurance Company.

The Company has a Certificate of Authority dated January 3, 2006, and it 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 of March at the home office of the Company or at such other place as may be designated by the Board of Directors. Eight Members constitute a quorum at any membership meeting. Proxy voting is permitted.

The management of the Company is vested in a Board of Directors who are elected from the general membership. The Board of Directors consists of five members, serving staggered three-year terms. All directors must be policyholders of the Company. The Board of Directors meets four times each year, and each director is compensated \$300 per month, with the president making \$325 per meeting.

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

Name and Address

Danny Blaylock

Barry Cook

Bruce Bundy

Jimmie Henson

Donna Beshar

Principal Occupation

Call Center Manager

County Board Administrator

Retail Manager

Retired Business Owner Contractor

Business Owner

Senior Officers

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

<u>Name</u>	<u>Office</u>
Jimmie Henson	President
Bruce Bundy	Vice President
Kirk Miller	Secretary/Treasurer

Conflict of Interest

The Company has written conflict of interest procedures for the disclosure of material conflicts of interest or affiliation 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. The Articles of Incorporation and Bylaws were not 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 part-time employees. The employees' benefits package includes participation in a retirement plan, with the Company matching employee contributions, and paid time off.

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, 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. Seventeen licensed agents sell the company's policies and receive a 15% commission on new and renewal business.

Policy Forms and Underwriting Practices

The Company utilizes AAIS policy forms. The policies are annually renewed. Property inspection and adjusting functions are performed by third parties. Rates are determined by the Board of Directors.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's incurred losses and loss 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	\$5,325	\$1,263	\$2,484	\$864	\$190	\$(138)	\$ 40
2022	4,940	920	2,201	817	48	355	396
2021	4,466	831	2,083	346	4	424	428
2020	3,960	751	1,966	285	40	471	523
2019	3,369	681	1,826	813	66	261	315

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	\$ 1,774	\$ 1,898	\$ 1,985	\$ 2,122	\$ 2,377
Reinsurance Assumed:	0	0	0	0	0
Reinsurance Ceded:	(546)	(589)	(634)	(599)	(670)
Net Premiums Written	\$ 1,228	\$ 1,309	\$ 1,351	\$ 1,523	\$ 1,707

Assumed Reinsurance

The Company does not reinsure other companies.

Ceded Reinsurance

The Company ceded business to Wisconsin Reinsurance Corporation (the reinsurer) through a reinsurance agreement that provides per-risk excess of loss and aggregate excess coverage for property risks, as well as coverage for liability and earthquake risks.

Under the per-risk excess of loss section of the property agreement, the Company retains \$65,000 of losses per risk, and the reinsurer's maximum limit is \$500,000 per risk. Under the aggregate excess section of the property agreement, the reinsurer is liable for 100% of losses in excess of the Company's annual retention, which is equal to 72.5% of the Company's net written premiums.

For the liability coverage, the Company cedes to the reinsurer 100% of losses in excess of a \$10,000 per occurrence retention. The reinsurer's maximum limit under the agreement is \$1,000,000 per occurrence.

For the earthquake coverage, the company cedes 100% of its premiums and losses to the reinsurer and receives a 15% ceding commission. The reinsurer's maximum limit of coverage is the amount of the policyholder's coverage on the underlying property policy.

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

Independent Auditor

The company maintains its accounting records on an accrual basis. The CPA firm of Van de Ven, LLC completes the annual statement and prepares federal income tax and premium tax filings for the Company.

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 MHMIC 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

Mutual Funds	\$ 67,439
Real Estate	51,802
Cash on Deposit	5,082,502
Computer Equipment (Hardware Only)	1,488
Interest Due and Accrued	110,603
Funds Held by Reinsurer	11,085
TOTAL ASSETS	\$ 5,324,919

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Gross Unpaid Losses and Loss Adjustment Expense	\$ 153,177
Ceded Reinsurance Premium Payable	78,917
Unearned Premium	972,654
Federal Income Tax Payable	31,156
Payroll Tax	3,140
Accrued Vacation	24,320
TOTAL LIABILITIES	\$ 1,263,364
Guaranty Fund	150,000
Other Surplus	3,911,555
TOTAL POLICYHOLDER SURPLUS	\$ 4,061,555
TOTAL LIABILITIES AND SURPLUS	\$ 5,324,919

STATEMENT OF INCOME

For the Year Ended December 31, 2023

Net Earned Assessment/Premium Income	\$ 1,513,736
Other Insurance Income	95,683
Net Losses & Loss Adjustment Expense	(1,014,608)
Underwriting Expenses	(732,750)
Underwriting Income (Loss)	\$ (137,939)
Investment Income	190,560
Investment Expenses	(68)
Net Investment Gain (Loss)	\$ 190,492
Other Income	23,788
Gross Profit or Loss	\$ 76,341
Federal Income Tax	(36,676)
NET INCOME (LOSS)	\$ 39,665

RECONCILIATION OF CAPITAL AND SURPLUS

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

(\$000s omitted)

	2019	2020	2021	2022	2023
Capital and Surplus, Beginning of Year	\$ 2,372	\$ 2,687	\$ 3,210	\$ 3,636	\$ 4,021
Net Income (Loss)	315	523	428	396	40
Mutual Funds Market Adjustments	-	-	(2)	(10)	1
Capital and Surplus, End of Year	\$ 2,687	\$ 3,210	\$ 3,636	\$ 4,021	\$ 4,062

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

VERIFICATION

State of Missouri)
) ss
County of Cole)

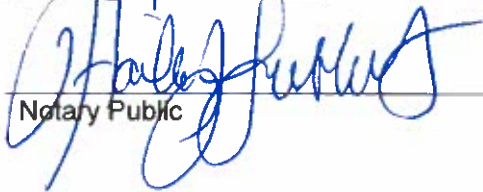
I, Justin Lamb, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Missouri Heritage Mutual Insurance Company, its agents or other persons examined, or as 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.

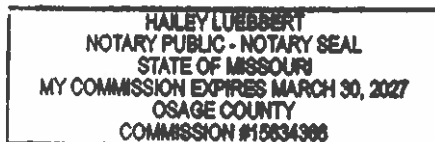

Justin Lamb
Examiner-In-Charge
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 8th day of September, 2025.

My commission expires:

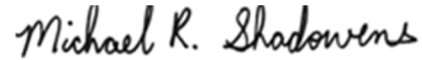
March 30, 2027


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 cursive script that reads "Michael R. Shadowens".

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