

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
**Mutual of Indiana Insurance Company** )  
**415 Columbia Street, Ste. 3400** )  
**Lafayette, Indiana 47901** )

Examination of: **Mutual of Indiana Insurance Company**


**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Mutual of Indiana Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Mutual of Indiana Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

January 25, 2022  
Date

  
\_\_\_\_\_  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6413**

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### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Mutual of Indiana Insurance Company (hereinafter “Company”) for the time period January 1, 2015 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 26, 2021.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on November 18, 2021 and was received by the Company on December 3, 2021.

On December 30, 2021, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2019.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 25<sup>th</sup> day of  
January, 2022.



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Amy L. Beard  
Insurance Commissioner

## ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

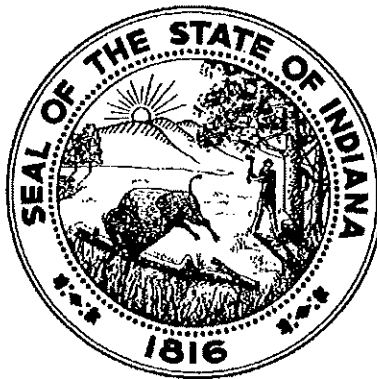
**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**

**OF**

**MUTUAL OF INDIANA INSURANCE COMPANY**  
NAIC Co. CODE 92285

As of

December 31, 2019



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May 26, 2021

Honorable Amy L. Beard, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4073, an examination has been made of the affairs and financial condition of:

**Mutual of Indiana Insurance Company**  
**P.O. Box 68**  
**48 South Ohio Street**  
**Remington, Indiana 47977**

Mutual of Indiana Insurance Company (the Company) is an Indiana domiciled, farm mutual insurance company.

Ingardus, LLC conducted the examination remotely<sup>1</sup> with the cooperation of the Company.

The Report of Examination, reflecting the status of the Company as of December 31, 2019, is respectfully submitted.

## SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined Mutual of Indiana Insurance Company for the period ending December 31, 2014. Ingardus, LLC conducted the present risk-focused examination for the period from January 1, 2015 through December 31, 2019. The examination included all material transactions and events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination included assessing the principles used and significant estimates made by management. Additionally, the examination evaluated the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and Annual Statement instructions, when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. 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 were separately communicated to the Department and/or the management of the Company.

## HISTORY

The Company was organized on January 2, 1897 as Farmers Mutual Insurance Association of Benton. The Company elected to operate under Chapter 145, Acts 1919, at the time the Company changed its name to Remington Farmers Mutual Insurance Company. Chapter 145, Acts 1919 was repealed by Acts 1972, P.L. 129-2003 and restated as Indiana Code (IC) 27-5.1, which applies to farm mutual insurance companies. Further, on September 2, 2016, the Company changed its name to Mutual of Indiana Insurance Company.

Effective May 3, 2018, Farmers Mutual Aid Society of Farmers Retreat was merged with and into the Company. Effective August 9, 2018, Newton County Farmers Mutual Insurance Association was merged with and into the Company.

The purpose of the Company, as stipulated within its Articles of Incorporation, is to safeguard its members, so far as possible, from loss from hazards permitted to be insured against by the Farmers' Mutual Law under which it operates, and to distribute on the mutual insurance plan such losses as may occur from these hazards in spite of all reasonable precautions.

## SURPLUS

As of December 31, 2019, the Company had surplus of \$7,535,657 and 1,880 policyholders, who are the owners of the Company.



## TERRITORY AND PLAN OF OPERATION

The Company provides property and farm liability coverage. The Company conducts business in sixty-nine (69) counties.

## GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Surplus</u>
2019	\$ 9,310,198	\$ 1,774,541	\$ 7,535,657
2018	7,521,729	1,882,251	5,639,478
2017	6,891,452	1,546,404	5,345,048
2016	6,096,945	1,593,306	4,503,639
2015	5,793,593	1,740,823	4,052,770

## MANAGEMENT AND CONTROL

### Directors

The business of the Company is managed by a Board of Directors (Board) comprised of six (6) directors. Each director serves for a term of three (3) years. The directors are elected at the annual meeting of the Company's members. The following is a listing of persons serving as directors as of December 31, 2019:

<u>Name</u>	<u>City</u>
Jeremy Brown	Boswell, Indiana
Sherman Hughes	Dillsboro, Indiana
Murray Marshall	West Lafayette, Indiana
Lloyd McGowen II	West Lebanon, Indiana
Donald Putt	Remington, Indiana
Cecil Zacher	Rensselaer, Indiana

### Officers

The officers of this Company are a President, one or more Vice Presidents, a Treasurer, and a Secretary. The following is a listing of the persons serving as officers of the Company as of December 31, 2019:

<u>Name</u>	<u>Office</u>
Lloyd McGowen II	President
Donald Putt	Vice President
Cecil Zacher	Secretary/Treasurer

## **CONFLICT OF INTEREST**

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2019.

## **OATH OF OFFICE**

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the company and will not knowingly violate any of the laws applicable to such company. It was determined that all directors listed in the Management and Control section of this Report of Examination subscribed to an oath as of December 31, 2019.

## **CORPORATE RECORDS**

### **Articles of Incorporation**

There were no amendments made to the Articles of Incorporation during the examination period.

### **Bylaws**

During the examination period, the Bylaws were amended as of December 31, 2017. The amendments made during the examination period included: (i) a change to the name of the Company from Remington Farmers Mutual Insurance Company to Mutual of Indiana Insurance Company, (ii) a change to the office location from Remington, Indiana to Lafayette, Indiana, and (iii) a change to allow the number of directors to be capped at no more than nine (9) and no less than five (5).

### **Minutes**

The Board minutes and the minutes from the annual meeting of the members were reviewed for the period under examination, through the fieldwork date. No significant issues or events were noted.

## **AFFILIATED COMPANIES**

The Company wholly owns Remington Farm Mutual Agency, LLC (RFM Agency), which was created to collect various commissions. The RFM Agency had minimal activity and was combined in the Company's tax returns. For this Report of Examination, the RFM Agency's equity is considered part of the Company's assets.

## **FIDELITY BOND AND OTHER INSURANCE**

The Company protects itself against loss from any fraudulent or dishonest acts through the purchase of a fidelity crime bond issued by Western Surety Company. The bond has a policy aggregate limit of liability of \$100,000. The fidelity bond is not adequate to meet the prescribed minimum coverage specified by the NAIC. See the Other Significant Issues section of this Report of Examination.

The Company had additional types of coverage in-force at December 31, 2019, including but not limited to business liability, directors and officers liability, professional liability, employers' liability, and workers' compensation.

### **STATUTORY DEPOSITS**

As a farm mutual insurer, the Company is not required to maintain a statutory deposit with the state of Indiana.

### **REINSURANCE**

During the examination period, the Company purchased reinsurance from Grinnell Mutual Reinsurance Company (Grinnell) as follows:

- *Individual Occurrence of Loss Excess* – The Company's retention was \$250,000 for 2019 and the coverage limit was 100% above the retention subject to limitations.
- *Aggregate Excess* – The Company's retention was \$700,000 for 2019 and the coverage limit was 100% of unlimited losses above the retention.
- *Facultative* – Rates will be determined by Grinnell on an individual basis. The Company agrees to provide Grinnell with all the necessary information about the risk known to the Company. Grinnell will determine which risks are acceptable for facultative reinsurance.

### **ACCOUNTS AND RECORDS**

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2018 and 2019, agreed to the respective Annual Statements.

MUTUAL OF INDIANA INSURANCE COMPANY  
 Assets, Liabilities and Surplus  
 As of December 31, 2019

	Per Annual Statement
<b>ASSETS</b>	
Bonds	\$ 1,097,351
Stocks	7,557,960
Bank balances:	
Subject to check	515,594
On interest	7,343
Unpaid premiums	41,026
Accrued interest	16,132
Investment in RFM Agency	61,750
Other assets	13,042
<b>Total Assets</b>	<b>\$ 9,310,198</b>
 <b>LIABILITIES AND SURPLUS</b>	
Liabilities	
Unpaid claims	\$ 163,389
Borrowed money	8,066
Taxes payable	54,303
Other unpaid expenses	95,485
Premiums received in advance	89,024
Unearned premium reserve	1,355,569
Agents' account	8,705
<b>Total Liabilities</b>	1,774,541
Surplus	7,535,657
<b>Total Liabilities and Surplus</b>	<b>\$ 9,310,198</b>

MUTUAL OF INDIANA INSURANCE COMPANY  
Income Statement and Change in Surplus  
For the year ended December 31, 2019

	<u>Per Annual Statement</u>
<b>INCOME</b>	
Net premiums:	
Direct premiums written	\$ 3,336,091
Less: Reinsurance premiums ceded	<u>(689,289)</u>
Total net premiums	2,646,802
Income from investments	259,592
Other income	<u>38,424</u>
Total income	2,944,818
 <b>DISBURSEMENTS</b>	
Net losses paid:	
Direct losses	546,486
Less: Reinsurance recovered	<u>-</u>
Net losses paid:	546,486
Operating expenses	1,324,271
Non-operating expenses	<u>316,508</u>
Total disbursements	2,187,265
 <b>CHANGE IN SURPLUS</b>	
Net income	757,553
Change in accrued assets and liabilities	45,429
Change in unrealized gains (losses)	1,093,197
Surplus, beginning of period	<u>5,639,478</u>
Surplus, end of period	<u><u>\$ 7,535,657</u></u>

### **COMMENTS ON THE FINANCIAL STATEMENTS**

There were no recommended adjustments to the financial statements as of December 31, 2019, based on the results of this examination.

### **OTHER SIGNIFICANT ISSUES**

The Company's fidelity bond as of December 31, 2019 was \$100,000. The NAIC suggested minimum amount of fidelity insurance for the Company calculates to between \$125,000 and \$150,000. The suggested minimum amount of fidelity insurance is based on the Company's total admitted assets and gross income.

Effective March 18, 2021 the Company increased its fidelity bond to \$175,000.

### **SUBSEQUENT EVENTS**

There were no events subsequent to the examination date and prior to the completion of fieldwork that were considered material events requiring disclosure in this Report of Examination.

**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with assistance from Ingardus, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of the Mutual of Indiana Insurance Company, as of December 31, 2019.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

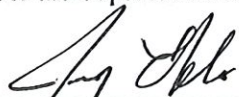
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Mutual of Indiana Insurance Company as of December 31, 2019, as determined by the undersigned.



Angela L. Ohlmann, CPA, CGMA, CFE (Fraud), MCM  
Ingardus, LLC  
State of: Indiana  
County of: Marion

Under the Supervision of:

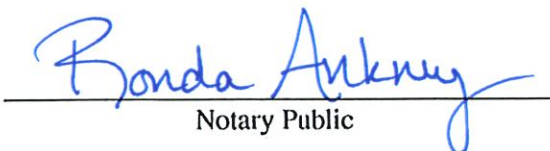


Jerry Ehlers, CPA, CFE (Financial), AES  
Examiner-in-Charge  
Indiana Department of Insurance

On this 25<sup>th</sup> day of January, 2022, before me personally appeared, Angela L. Ohlmann and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: 03/11/2024



Notary Public

**RONDA ANKNEY  
NOTARY PUBLIC  
SEAL**

JOHNSON COUNTY, STATE OF INDIANA  
MY COMMISSION EXPIRES MARCH 11, 2024  
Mutual of Indiana Insurance Company  
Financial Examination as of 12/31/2019

