

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

IN THE MATTER OF:)
)
Saint Celestine Mutual Fire Insurance Company)
1510 South Santine Road)
St. Anthony, Indiana 47575)

Examination of: **Saint Celestine Mutual Fire Insurance Company**

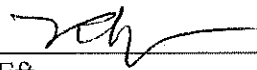
NOTICE OF ENTRY OF ORDER

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 Saint Celestine Mutual Fire Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on November 18, 2021, 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 Saint Celestine Mutual Fire 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.

December 22, 2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6352

STATE OF INDIANA)
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1510 South Santine Road)
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Examination of: **Saint Celestine Mutual Fire Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Saint Celestine Mutual Fire 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 November 20, 2021.

The Company did not file any objections.

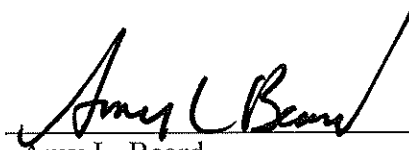
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Saint Celestine Mutual Fire Insurance Company as of December 31, 2019.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Saint Celestine Mutual Fire Insurance Company to comply with the 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, 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. 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 22 day of
December, 2021.



Amy L. Beard
Insurance Commissioner
Indiana Department of Insurance

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

SAINT CELESTINE MUTUAL HOME INSURANCE COMPANY
NAIC Co. CODE 92326

As of

December 31, 2019

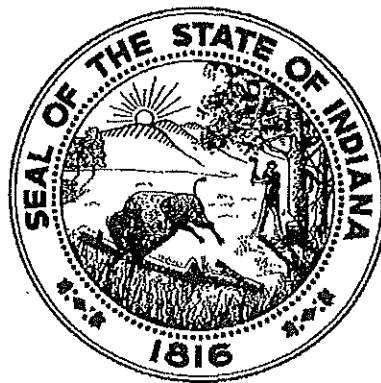


TABLE OF CONTENTS

SALUTATION.....1
SCOPE OF EXAMINATION.....3
HISTORY.....3
SURPLUS.....3
TERRITORY AND PLAN OF OPERATION.....3
GROWTH OF THE COMPANY.....4
MANAGEMENT AND CONTROL.....4
 Directors.....4
 Officers.....4
CONFLICT OF INTEREST.....5
OATH OF OFFICE.....5
CORPORATE RECORDS.....5
 Articles of Incorporation.....5
 Bylaws.....5
 Minutes.....5
AFFILIATED COMPANIES.....5
FIDELITY BOND AND OTHER INSURANCE.....5
STATUTORY DEPOSITS.....6
REINSURANCE.....6
ACCOUNTS AND RECORDS.....6
FINANCIAL STATEMENTS.....7
COMMENTS ON THE FINANCIAL STATEMENTS.....9
OTHER SIGNIFICANT ISSUES.....9
SUBSEQUENT EVENTS.....9
AFFIDAVIT.....10



STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

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 4070, an examination has been made of the affairs and financial condition of:

Saint Celestine Mutual Fire Insurance Company
1510 South Santine Road
St. Anthony, Indiana 47575

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

Ingardus, LLC conducted the examination remotely with the cooperation of the Company.

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

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined Saint Celestine Mutual Fire 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 in 1868 and elected to operate under Chapter 145, Acts 1919, which 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.

The purpose of the Company is to insure its members against loss from hazards permitted to be insured under the farm mutual laws and to distribute, on the mutual insurance plan, such losses as may occur.

SURPLUS

As of December 31, 2019, the Company had surplus, as adjusted by this examination, of \$1,123,396 and 192 policyholders, who are the owners of the Company.

TERRITORY AND PLAN OF OPERATION

The Company provides churches, farm buildings, farm equipment, garages, grain, homes, livestock, restaurants, sawmills, seed, and vehicles coverage. The Company conducts business in the Indiana counties of Allen, Crawford, Daviess, Dubois, Gibson, Knox, Lawrence, Martin, Orange, Perry, Pike, and Warrick.

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^A</u>
2019	\$ 1,123,831	\$ 435	\$ 1,123,396
2018	1,007,267	830	1,006,437
2017	1,055,315	1,011	1,054,304
2016	996,564	1,315	995,249
2015	922,571	1,361	921,210

MANAGEMENT AND CONTROL

Directors

The business of the Company is managed by a Board of Directors (Board) not to exceed ten (10) directors. Each director serves for a term of two (2) years. 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>
Earl Hasenour	Celestine, Indiana
Robert Hasenour	Jasper, Indiana
Jarrett Paulin	St. Anthony, Indiana
Edward Reckelhoff	St. Anthony, Indiana
Jeff Sander	Jasper, Indiana
Linus Senniger	Jasper, 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>
Jeff Sander	President
Linus Senniger	Vice President
Karen Sander	Secretary/Treasurer

^A 2019, 2018, 2017 and 2016 surplus has been adjusted, per the examination. See the Comments on the Financial Statements section of this Report of Examination.

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 did not review and sign their statements as of December 31, 2019. See the Other Significant Issues section of this Report of Examination.

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

There were no amendments to the Bylaws during the examination period.

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 does not have any affiliated companies.

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 Travelers Casualty and Surety Company of America. The bond has a policy aggregate limit of liability of \$100,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

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

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 \$35,000 for 2019 and the coverage limit was 100% above the retention subject to limitations.
- *Aggregate Excess* – The Company’s retention was \$61,000 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.

SAINT CELESTINE MUTUAL FIRE INSURANCE COMPANY
Assets, Liabilities and Surplus
As of December 31, 2019

	Per Annual Statement	Examination Adjustments*	Per Examination
ASSETS			
Stocks	\$ 910,825	\$ -	\$ 910,825
Bank balances:			
Subject to check	11,438	-	11,438
On interest	199,000	-	199,000
Equipment and furniture	2,568	-	2,568
Total Assets	\$ 1,123,831	\$ -	\$ 1,123,831
LIABILITIES AND SURPLUS			
Liabilities			
Taxes payable	435	-	435
Total Liabilities	435	-	435
Surplus	1,075,760	47,636	1,123,396
Total Liabilities and Surplus	\$ 1,076,195	\$ 47,636	\$ 1,123,831

* The Company understated surplus by \$47,636. See the Comments on the Financial Statements section of this Report of Examination.

SAINT CELESTINE MUTUAL FIRE INSURANCE COMPANY
Income Statement and Change in Surplus
For the year ended December 31, 2019

	Per Annual Statement	Examination Adjustments**	Per Examination
INCOME			
Net premiums:			
Direct premiums written	\$ 85,426	\$ -	\$ 85,426
Less: Reinsurance premiums ceded	(69,295)	-	(69,295)
Total net premiums	16,131	-	16,131
Income from investments	43,081	-	43,081
Other income	3,284	-	3,284
Total income	62,496	-	62,496
DISBURSEMENTS			
Net losses paid:			
Direct losses	3,840	-	3,840
Less: Reinsurance recovered	-	-	-
Net losses paid	3,840	-	3,840
Operating expenses	35,686	-	35,686
Non-operating expenses	1,712	-	1,712
Total disbursements	41,238	-	41,238
CHANGE IN SURPLUS			
Net income	21,258	-	21,258
Change in accrued assets and liabilities	361	95,306	95,667
Change in unrealized gains (losses)	34	-	34
Surplus, beginning of period	1,054,107	(47,670)	1,006,437
Surplus, end of period	\$ 1,075,760	\$ 47,636	\$ 1,123,396

** The Company understated surplus by \$47,636. See the Comments on the Financial Statements section of this Report of Examination.

COMMENTS ON THE FINANCIAL STATEMENTS

The Company misstated its surplus for the difference between (i) ledger assets and (ii) admitted assets for the years ended December 31, 2016, 2017, 2018 and 2019. Adjustments of \$18,161, \$38,478, (\$47,670), and \$47,636, respectively, were made to correct the error in this Report of Examination.

OTHER SIGNIFICANT ISSUES

Directors and officers are required to review and sign Conflict of Interest statements annually. The Secretary/Treasurer role was missing a signed Conflict of Interest statement for the year ended December 31, 2019. The Company has rectified this error for the most current year.

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 Saint Celestine Mutual Fire 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.

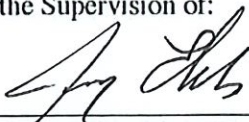
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance 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 Saint Celestine Mutual Fire 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 21st day of December, 2021, 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: October 4, 2025  _____
Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC
SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 706053
Indiana Department of Insurance
NAIC Accredited

