

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

IN THE MATTER OF:)
)
Agri Insurance Exchange Risk Retention Group)
5825 Lawton Loop East Drive)
Indianapolis, IN 46216)

Examination of Agri Insurance Exchange Risk
Retention Group

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Agri Insurance Exchange Risk Retention Group, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on March 16, 2015, 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 Agri Insurance Exchange Risk Retention Group 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.

May 28, 2015
Date

Cynthia D. Donovan
Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 9214 8901 0661 5400 0056 2401 35

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5825 Lawton Loop East Drive)
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Examination of Agri Insurance Exchange Risk
Retention Group

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Agri Insurance Exchange Risk Retention Group (hereinafter "Company") for the time period January 1, 2009 through December 31, 2013.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on March 3, 2015.

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 March 16, 2015 and was received by the Company on March 18, 2015.

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 Agri Insurance Exchange Risk Retention Group as of December 31, 2013.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Agri Insurance Exchange Risk Retention Group 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 and Sealed this 28th day of May, 2015.



Stephen W. Robertson
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.

[Handwritten signature]

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP
NAIC COMPANY CODE 28380

As of

December 31, 2013

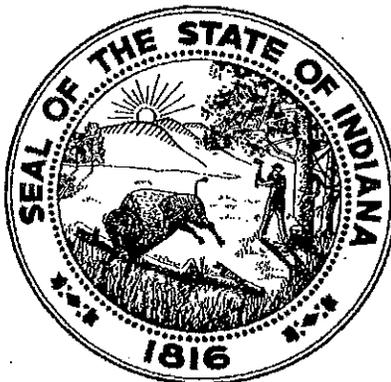


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	2
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	3
LOSS EXPERIENCE.....	3
MANAGEMENT AND CONTROL.....	4
Directors.....	4
Officers.....	5
Corporate Governance.....	5
CONFLICT OF INTEREST.....	5
OATH OF OFFICE.....	5
CORPORATE RECORDS.....	6
Articles of Incorporation and Bylaws.....	6
Minutes.....	6
AFFILIATED COMPANIES.....	6
Organizational Structure.....	6
Service Agreements.....	6
Risk Purchasing Group.....	6
FIDELITY BOND AND OTHER INSURANCE.....	6
STATUTORY AND SPECIAL DEPOSITS.....	7
REINSURANCE.....	7
Reinsurance Assumed.....	7
RESERVES.....	7
ACCOUNTS AND RECORDS.....	8
FINANCIAL EXHIBITS.....	9
FINANCIAL STATEMENTS.....	10
Assets.....	10
Liabilities, Surplus and Other Funds.....	11
Statement of Income.....	12
Capital and Surplus Account.....	13
COMMENTS ON THE FINANCIAL STATEMENTS.....	14
OTHER SIGNIFICANT FINDINGS.....	14
SUBSEQUENT EVENTS.....	15
MANAGEMENT REPRESENTATION.....	15
AFFIDAVIT.....	16

March 3, 2015

Honorable Stephen W. Robertson
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 3836, an examination has been made of the affairs and financial condition of:

Agri Insurance Exchange Risk Retention Group
5825 Lawton Loop East Drive
Indianapolis, Indiana 46216

an Indiana domestic reciprocal risk retention group that is regulated as a property and casualty insurance company hereinafter referred to as the "Company." The examination was conducted at the Company's main administrative offices located in Indianapolis, Indiana.

The Report of Examination, showing the status of the Company as of December 31, 2013, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2008. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2009 through December 31, 2013, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting the risk-focused examination, the INDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by La Rosa & Co., LLC for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements. Although we relied upon the independent audit reports and opinions, the Company received, but did not utilize an exemption dated December 4, 2013 from the INDOI, from having an audit by an independent auditor for the year ended December 31, 2013.

The actuarial firm of Merlinos & Associates, Inc. was appointed by the INDOI to conduct a review of the Company's Loss Reserves and Loss Adjustment Expenses as of December 31, 2013.

In accordance with the 2013 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the risk-focused examination to evaluate the financial condition of the Company, and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, the Examiners performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company is an Indiana inter-insurance reciprocal managed by Agri Insurance Exchange, Inc., its Attorney-in-Fact. The Attorney-in-Fact was incorporated on September 8, 1986 and was issued an inter-insurance certificate of authority by the State of Indiana on February 25, 1987. On December 22, 2009, Agri Insurance Exchange, Inc. became a registered risk purchasing group with the INDOI under applicable statutes. The Company is owned by its member cooperatives, which own stock of the Attorney-in-Fact. Only Agricultural Cooperative Associations which have an insurance policy with the Company may purchase stock or remain stockholders of the Attorney-in-Fact. The Company currently has member owners in Illinois, Indiana, and Ohio.

The Company's mission is to provide professional insurance services to the cooperative agri-business community, particularly in the environmental area, through effective risk management, unique insurance and claim services, and instilling "safety awareness" in the operation of all participating members businesses.

CAPITAL AND SURPLUS

As of December 31, 2013, the Company had \$12,667,831 capital and surplus identified as subscriber accounts. Of this amount, \$3,732,226 is from operations and reported in Unassigned Funds in the

Financial Statement. The balance identified to subscribers savings accounts, \$8,935,605, was contributed directly by the subscribers and is separately reported in Gross Paid In and Contributed Surplus in the Financial Statement. The subscriber savings account balances are paid to the subscribers upon their termination from the Company subject to the approval of the INDOI.

In compliance with Indiana statutes, the Company is required to maintain surplus of not less than \$1,250,000. The Company repaid \$153,698 and \$111,182 of gross paid in and contributed surplus to the subscribers during 2012 and 2013, respectively. Subsequent to the examination period, during January 2014, the Company repaid \$217,890 of gross paid in and contributed surplus to the subscribers.

TERRITORY AND PLAN OF OPERATION

The Company is a licensed Risk Retention Group incorporated in the State of Indiana and registered in Illinois, Kentucky, Michigan, and Ohio. In 2013, the largest percentages of direct premiums written were from Indiana (59%) and Ohio (36%).

The Company is authorized to issue insurance coverage through its Risk Retention Group and apply for excess insurance through its risk purchasing group for its members. The group is closed to any new members. Pollution liability insurance is the only coverage offered to member cooperatives. The Company has established a maximum \$500,000 per incident limit with a minimum retention of \$100,000. The annual aggregate per member is \$1,000,000, and the annual group aggregate is \$2,500,000.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>	<u>Net Premiums</u> <u>Earned</u>	<u>Net Income (Loss)</u>
2013	\$15,602,031	\$2,934,200	\$12,667,831	\$888,115	\$703,897
2012	14,176,402	2,274,410	11,901,992	728,351	427,568
2011	12,630,742	2,115,643	10,515,099	853,294	601,941
2010	12,526,307	1,858,271	10,668,036	608,170	326,824
2009	11,448,935	1,662,743	9,786,192	627,526	159,636

The Company's net income after tax in 2013 was \$703,897 compared to \$427,568 in 2012. This increase was primarily due to an increase in net investment gain during 2013.

LOSS EXPERIENCE

The following exhibit shows the underwriting results of the Company for the period under examination. The amounts were compiled from the Company's filed Annual Statements and from examination results:

<u>Year</u>	<u>Premiums Earned</u>	<u>Losses and Loss Expenses Incurred</u>	<u>Other Underwriting Expenses Incurred</u>	<u>Loss and Loss Adjustment Expense Ratio</u>	<u>Combined Ratio</u>
2013	\$ 888,115	\$ 359,768	\$ 255,329	40.51%	69.26%
2012	728,351	138,340	285,777	18.99%	58.23%
2011	853,294	58,329	323,188	6.84%	44.71%
2010	608,170	207,374	335,843	34.10%	89.32%
2009	627,526	207,356	484,134	33.04%	110.19%

The Company reported an underwriting profit in four of the five years covered by this examination. The Company reported an underwriting loss of \$63,964 in 2009.

MANAGEMENT AND CONTROL

Directors

The Company's Articles of Incorporation provide that the Board of Directors shall be composed of an odd number of directors of not less than five (5) nor more than nine (9). The Company's Bylaws specify for staggering the terms of directors in accordance with Indiana Code 23-1-33-6. The following is a listing of persons serving as directors as of December 31, 2013:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
John R. Graham Avon, Indiana	CFO Co-Alliance LLP
Stanley W. Hicks Richmond, Indiana	COO Harvest Land Co-op, Inc.
Charles D. Milligan Loogootee, Indiana	CEO White River LLC
Jeffrey S. Mize South Whitley, Indiana	CEO and GM AgPlus LP
Mark T. Sunderman Findlay, Ohio	President and CEO Legacy Farmers Cooperative

There have been some changes in the Board of Directors of the Company during the examination period.

On September 4, 2009, Robert E. Marley resigned from the Board of Directors. On November 13, 2009 Charles D. Milligan was appointed to the Board of Directors.

On August 14, of 2012, after serving as a director for seventeen (17) years, Bob Sunderman retired from the Board of Directors. Effective August 14, 2012, Mark T. Sunderman was appointed to the Board of Directors.

Officers

The Company's Bylaws state that the Officers of the Company shall be a Chairman, President, Vice President, Secretary, and Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Vice President. The following is a list of key officers and their respective titles as of December 31, 2013:

<u>Name</u>	<u>Position</u>
Stanley W. Hicks	President and Chairman
Kevin P. Mandeville	Secretary and Treasurer
Jeffrey S. Mize	Vice President

Effective July 1, 2012, after serving as for twelve (12) years, Dean Denhart, Executive Director and Treasurer, retired from the Company. On May 11, 2012, the Board of Directors elected Kevin Mandeville as the Secretary and Treasurer of the Company effective July 1, 2012.

Corporate Governance

The Company has established a Nominating Committee. The individuals appointed to serve as of December 31, 2013 are as follows:

Kevin P. Mandeville	Chairman
Mike A. Hirt	Land O' Lakes – Winfield Solutions
Rick P. Small	Peelle Consulting

CONFLICT OF INTEREST

The Company has established a conflict of interest policy for the disclosure of any material interest or affiliation by any one director or officer, which is likely to conflict with their official duties. The Company was unable to locate the Conflict of Interest Statements which were signed during the May 6, 2011 Board of Directors meeting. (Please see the "Other Significant Findings" section of this report regarding this issue.)

OATH OF OFFICE

Indiana Code 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 corporation and will not knowingly violate any of the laws applicable to such corporation. The Company was unable to locate the Oath of Office statements which were signed during the May 6, 2011 Board of Directors meeting. (Please see the "Other Significant Findings" section of this report regarding this issue.)

CORPORATE RECORDS

Articles of Incorporation and Bylaws

The Company's Articles of Incorporation and Bylaws were not amended during the period under examination.

Minutes

The Board of Directors and Annual meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted.

AFFILIATED COMPANIES

Organizational Structure

The Company is not a part of any holding company system. The Company is a risk retention group managed by its Attorney-in-Fact, Agri Insurance Exchange, Inc., as appointed by the subscribers of the Company pursuant to a Power of Attorney and Subscription Agreement incorporated within all applications for insurance policies issued by the Company. The Company hires consultants to manage the daily activities of the Company and therefore has no employees.

Service Agreements

Consulting & Services Agreement

CHS Insurance Services, LLC (formerly known as Daseke Insurance Agency, Inc.) provides insurance consulting services, underwriting, and clerical services to the Company. Effective July 1, 2012, upon the retirement of Dean Denhart, CHS Insurance Services, LLC began providing management for the daily operations of the Company and performs the functions of Executive Director. During 2013, the Company paid \$112,500 for services received under the agreement.

Risk Purchasing Group

On December 22, 2009, Agri Insurance Exchange, Inc. became a registered risk purchasing group with the INDOI under applicable statutes.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by a fidelity bond issued by Ohio Casualty Insurance Company. The bond has blanket coverage of \$500,000 with a \$5,000 deductible. The fidelity bond exceeds the prescribed minimum coverage specified by the NAIC.

The Company has additional types of coverage in-force as of December 31, 2013, including but not

limited to directors and officers, and commercial business owners policy coverage.

STATUTORY AND SPECIAL DEPOSITS

The Company reported statutory deposits for the benefit of all policyholders with the State of Indiana as of December 31, 2013 as shown below. The Company did not have any statutory deposits with other states as of December 31, 2013.

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For all Policyholders:		
Indiana	\$100,000	\$100,000

REINSURANCE

Reinsurance Assumed

As a Risk Retention Group, the Company assumes no reinsurance.

In lieu of a reinsurance treaty, the Company is protected against excessive loss under an insurance policy written through Chubb. Policy limits and coverages under the policy correspond to those provided by the Company to its members, except for the difference between the deductibles applied by the Company to its members, and the deductible the Company carried under the insurance policy.

Effective January 1, 2013, Agri Insurance Exchange, Inc., a related party in its capacity as a risk purchasing group, entered into a liability excess of loss insurance policy with Chubb Custom Insurance Company (Chubb) which provides for Chubb to be liable for the amount of ultimate net loss in excess of \$500,000 up to a \$10,000,000 limit of liability for each occurrence, with an aggregate of \$40,000,000 for the three year period between January 1, 2013 to January 1, 2016. However, once \$1,000,000 in cumulative losses is incurred, Chubb will be liable for the amount of ultimate net loss in excess of \$100,000.

In 2013, the Company paid Chubb \$573,103 of premiums for the three year period ending January 1, 2016. Also during 2013, the Company was reimbursed \$191,033 from the members for the advancement of the Chubb premium. As of December 31, 2013, the Company prepaid premium in the amount of \$382,070 for the remaining two years of the agreement and this amount was recorded as a nonadmitted asset.

RESERVES

Al Rhodes, ACAS, MAAA, of SIGMA Actuarial Consulting Group, Inc. was the Company's Appointed Actuary in 2013. Mr. Rhodes was appointed by the Board of Directors of the Company on November 10, 1998, to render an opinion on the reserves of the Company.

The scope of the opinion stated the Actuary examined the actuarial assumptions and methods used in determining reserves as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials as of December 31, 2013. In forming the opinion, information prepared by the

Company was relied upon. The provided data was evaluated for reasonableness and consistency. The data was reconciled to Schedule P - Part 1 of the Company's Annual Statement as of December 31, 2013.

The 2013 opinion stated the reserve balances: 1) meet the requirements of the insurance laws of Indiana, 2) are computed in accordance with accepted actuarial standards and principals, and 3) make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting information were reviewed and tested to the extent deemed necessary. The Annual Statement totals for Admitted Assets, Liabilities, Surplus, Premiums Written and Net Income for the years ended December 31, 2009 through December 31, 2013, were agreed to each year's trial balance with no exceptions noted. The Company maintains adequate supporting work papers which were reviewed during the examination. However, the following accounts and records issues were noted.

The Company's rates and policy coverage forms were not filed with the INDOI. As a result, the Company is in violation of IC 27-1-22-4(a). In addition, the policy coverage forms are not in compliance with IC 27-7-10-18 Notice; applications and policies Section 18 which requires the following statement:

Every application form for insurance from a risk retention group, and every policy (on its front and declaration pages) issued by a risk retention group, must contain a notice which states that this policy is issued by your risk retention group.

The risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

(Please see the "Other Significant Findings" section of this report regarding this issue.)

The Company also misplaced its biographical affidavits on three board members during the period under examination. **(Please see the "Other Significant Findings" section of this report regarding this issue.)**

Overall, the Examiners determined the Company's accounting procedures, practices, and account records were satisfactory.

FINANCIAL EXHIBITS

- Comparative Exhibit – Statutory Statement of Assets
- Comparative Exhibit – Statutory Statement of Liabilities, Surplus and Other Funds
- Comparative Exhibit - Statutory Statement of Income
- Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP

FINANCIAL STATEMENTS

Assets

	As of December 31, 2013			December 31, Prior Year
	Per Annual Statement	Exam Adjustments	Per Examination	
Assets:				
Bonds	\$ 3,104,049	\$ -	\$ 3,104,049	\$ 3,146,777
Common stocks	10,443,613	-	10,443,613	10,068,248
Cash \$213,036, cash equivalents \$0 and short-term investments \$1,803,518	2,016,554	-	2,016,554	327,480
Receivable for securities	-	-	-	500,423
Subtotals, cash and invested assets	\$ 15,564,216	\$ -	\$ 15,564,216	\$ 14,042,928
Investment income due and accrued	37,815	-	37,815	37,874
Current federal and foreign income tax recoverable and interest thereon	-	-	-	84,500
Aggregate write-ins for other than invested assets	-	-	-	11,100
Total Assets	\$ 15,602,031	\$ -	\$ 15,602,031	\$ 14,176,402

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

	As of December 31, 2013			December 31,
	Per Annual	Exam	Per	Prior Year
	Statement	Adjustments	Examination	
Liabilities:				
Losses	\$ 2,086,000	\$ -	\$ 2,086,000	\$ 1,901,000
Loss adjustment expenses	58,000	-	58,000	39,000
Other expenses	45,250	-	45,250	44,651
Taxes, licenses and fees	33,550	-	33,550	459
Current federal and foreign income taxes	139,300	-	139,300	-
Net deferred tax liability	572,100	-	572,100	289,300
Total Liabilities	\$ 2,934,200	\$ -	\$ 2,934,200	\$ 2,274,410
Gross paid in and contributed surplus	\$ 8,935,605	\$ -	\$ 8,935,605	\$ 9,046,787
Unassigned funds (surplus)	3,732,226	-	3,732,226	2,855,205
Surplus as Regards Policyholders	\$ 12,667,831	\$ -	\$ 12,667,831	\$ 11,901,992
Total Liabilities, Surplus and Other Funds	\$ 15,602,031	\$ -	\$ 15,602,031	\$ 14,176,402

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP

FINANCIAL STATEMENTS

Statement of Income

	As of December 31, 2013			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Underwriting Income:				
Premiums earned	\$ 888,115	\$ -	\$ 888,115	\$ 728,351
Losses incurred	\$ 257,956	\$ -	\$ 257,956	\$ 70,892
Loss adjustment expenses incurred	101,812	-	101,812	67,448
Other underwriting expenses incurred	255,329	-	255,329	285,777
Total underwriting deductions	\$ 615,097	\$ -	\$ 615,097	\$ 424,117
Net underwriting gain (loss)	\$ 273,018	\$ -	\$ 273,018	\$ 304,234
Investment Income				
Net investment income earned	\$ 543,283	\$ -	\$ 543,283	\$ 431,844
Net realized capital gains (losses) less capital gains tax	148,496	-	148,496	(113,010)
Net investment gain	\$ 691,779	\$ -	\$ 691,779	\$ 318,834
Net income before dividends to policyholders after capital gains tax and before federal and foreign income taxes	\$ 964,797	\$ -	\$ 964,797	\$ 623,068
Net gain from operations after dividends to policyholders, after capital gains tax before all other federal and foreign income taxes	\$ 964,797	\$ -	\$ 964,797	\$ 623,068
Federal and foreign income taxes incurred	260,900	-	260,900	195,500
Net Income	\$ 703,897	\$ -	\$ 703,897	\$ 427,568

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>As of December 31, 2013</u>			
	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Capital and Surplus Account:				
Surplus as regards policyholders, December 31, prior year	\$ 11,901,992	\$ -	\$ 11,901,992	\$ 10,515,099
Net income	\$ 703,897	\$ -	\$ 703,897	\$ 427,568
Change in net unrealized capital gains or (losses) less capital gains tax of \$0	837,994	-	837,994	920,159
Change in net deferred income tax	(282,800)	-	(282,800)	(314,300)
Change in nonadmitted assets	(382,070)	-	(382,070)	507,164
Surplus adjustments paid in	(111,182)	-	(111,182)	(153,698)
Change in surplus as regards policyholders for the year	<u>\$ 765,839</u>	<u>\$ -</u>	<u>\$ 765,839</u>	<u>\$ 1,386,893</u>
Surplus as regards policyholders, December 31, current year	<u>\$ 12,667,831</u>	<u>\$ -</u>	<u>\$ 12,667,831</u>	<u>\$ 11,901,992</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2013, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

1. Conflict of Interest and Oath of Office Records Retention

The Company was able to locate signed Conflict of Interest statements and Oath of Office statements for every year under examination except for 2011. This is a violation of IC 27-1-7-10(i) which stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she faithfully, honestly and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. Furthermore, this is a violation of IC 27-1-7-16 which states that every corporation shall keep correct and complete books of account of the proceeding of its directors meeting, and these records shall likewise be kept at its principal office. The Company provided the May 6, 2011 Board of Director minutes which shows the Conflict of Interest and Oath of Office statements were distributed and signed.

It is recommended that the Company keep a correct and complete record of its signed Oath of Office and Conflict of Interest statements as required by IC 27-1-7-10(i) and IC 27-1-7-16.

2. Policy Rate and Policy Coverage Forms Filing

The Company stated that the policy coverage forms they utilize are similar to the Chubb forms; however, the Company's rates, and policy coverage forms were not filed with the INDOI as required by IC 27-1-22-4(a). Furthermore, in accordance with IC 27-7-10-13(b)(1), a risk retention group shall comply with all laws and rules that apply to insurers that are chartered and licensed in Indiana. In addition, the policy coverage forms are not in compliance with IC 27-7-10-18 Notice; applications and policies which require the following statement:

Every application form for insurance from a risk retention group, and every policy (on its front and declaration pages) issued by a risk retention group, must contain a notice which states that this policy is issued by your risk retention group.

The risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

In accordance with IC 27-1-22-4(a) and IC 27-7-10-13(b)(1), it is recommended that the Company file its rates, and policy coverage forms with the INDOI. In addition, it is recommended that the Company comply with IC 27-7-10-18.

3. Biographical Affidavits

The Company misplaced its biographical affidavits on three board members during the period under examination.

In accordance with IC 27-1-7-16, it is recommended that the Company keep complete biographical affidavits on its directors.

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.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the Examiners.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-In-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from The Thomas Consulting Group, Inc., hereinafter collectively referred to as the "Examiners" performed an examination of the **Agri Insurance Exchange Risk Retention Group** as of **December 31, 2013**.

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

The examination was performed in accordance with those procedures required by the 2013 NAIC *Financial Condition Examiners Handbook* and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standard 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 the **Agri Insurance Exchange Risk Retention Group** as of **December 31, 2013**, as determined by the undersigned.

David Daulton, CFE
The Thomas Consulting Group, Inc.

State of:
County of:

On this _____ day of _____, 2015, before me personally appeared, David Daulton, 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 _____

Notary Public

AFFIDAVIT

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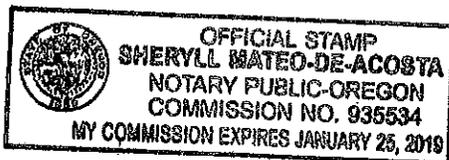
David Daulton, CFE
The Thomas Consulting Group, Inc.

State of: Oregon
County of: Jackson

On this 11th day of March, 2015, before me personally appeared, David Daulton, 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 01/25/2019 
Notary Public



SECRET

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