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

IN THE MATTER OF:)
)
Agri Insurance Exchange Risk Retention Group)
11611 North Meridian Street, Suite 230)
Carmel, Indiana 46032)

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, 2019 through December 31, 2023.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 15, 2025.

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 May 12, 2025, and was received by the Company on May 19, 2025.

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, 2023.
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 this 3rd day of
June, 2025.


Holly W. Lambert
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

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP
NAIC Co. CODE 28380

As of
December 31, 2023

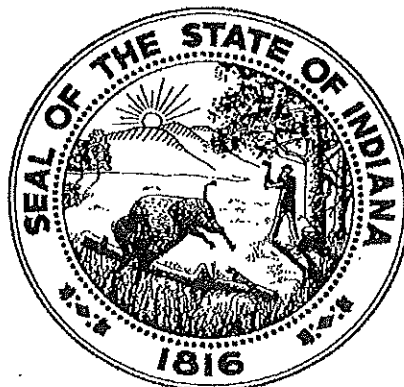


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STATE OF INDIANA

MIKE BRAUN, GOVERNOR

Indiana Department of Insurance

Holly W. Lambert, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-3520
Fax: 317-232-5251
Website: in.gov/doi

May 15, 2025

Honorable Holly Williams Lambert, 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 4199, an examination has been made of the affairs and financial condition of:

Agri Insurance Exchange Risk Retention Group
11611 North Meridian Street, Suite 230
Carmel, Indiana 46032

an Indiana domestic reciprocal risk retention group that is regulated as a property and casualty insurance company hereinafter referred to as the "Exchange". The examination was conducted remotely with assistance from the corporate office staff in Carmel, Indiana.

The Report of Examination, reflecting the status of the Exchange as of December 31, 2023, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES	COMPANY COMPLIANCE	CONSUMER SERVICES	FINANCIAL SERVICES	MEDICAL MALPRACTICE	COMPANY RECORDS	STATE HEALTH INSURANCE PROGRAM
317-232-2389	317-232-3495	317-232-2395/1-800-622-4461	317-232-2390	317-232-5253	317-232-2383	1-800-452-4800

SCOPE OF EXAMINATION

The Exchange was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2014 through December 31, 2018. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2019 through December 31, 2023, and included any material transactions and/or 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, assess corporate governance, identify current and prospective risks of the Exchange, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The actuarial specialist, Rebecca Freitag, FCAS, MAAA, Senior Director with the firm of Davies Actuarial, Audit & Consulting, Inc., provided all actuarial services throughout the examination and conducted a review of the Exchange's actuarial-related risks as of December 31, 2023.

All accounts and activities of the Exchange were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Exchange's financial statements.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer 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 Exchange.

HISTORY

The Exchange is an Indiana inter-insurance reciprocal managed by Agri Insurance Exchange, Inc. (AIE), its Attorney-in-Fact. AIE was incorporated on September 8, 1986 and was issued an inter-insurance certificate of authority by the state of Indiana on February 25, 1987. The Exchange is owned by its member cooperatives, which own stock in AIE. Only agricultural cooperative associations, which have an insurance policy with the Exchange, may purchase stock or remain stockholders of AIE. The Exchange currently has member-owners in Illinois, Indiana, and Ohio.

On December 22, 2009, AIE became a registered risk purchasing group with the INDOI under applicable statutes.

CAPITAL AND SURPLUS

As of December 31, 2023, the Exchange had Surplus as regards policyholders of \$20.7 million identified as subscriber accounts. Of the total amount, \$14.8 million was generated from operations and is reflected in unassigned funds within the financial statement. The balance identified to subscribers savings accounts,

\$5.8 million, 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 Exchange, subject to the approval of the INDOI.

In accordance with IC 27-6-6-15, the Exchange notified, requested, and received approval from the INDOI to redeem net equity credits to its subscribers in the amounts during the period under examination.

	2023	2022	2021	2020	2019
Total	\$ 292,117	\$ 375,276	\$ 344,416	\$ 337,451	\$ 301,709

In compliance with Indiana statutes, the Exchange is required to maintain a surplus of not less than \$1,000,000.

MANAGEMENT AND CONTROL

Directors

The Articles of Incorporation of AIE provide that the Board of Directors (Board) shall be composed of an odd number of directors of not less than five (5), nor more than nine (9). The Bylaws specify for staggering the terms of directors in accordance with IC 23-1-33-6. The following is a listing of persons serving as directors as of December 31, 2023:

<u>Name and Location</u>	<u>Principal Occupation</u>
Doug L. Brunt Summitville, Indiana	Vice President Keystone Cooperative, Inc.
Harold L. Cooper Brownstown, Indiana	President and CEO Premier Companies
Jeffrey S. Mize North Manchester, Indiana	President and CEO Ag Plus, Inc.
Elizabeth A. South Pittsboro, Indiana	Vice President Keystone Cooperative, Inc.
Mark T. Sunderman Findlay, Ohio	President and CEO Legacy Farmers Cooperative

Officers

The Bylaws of AIE state that the officers shall be a Chairman, a President, a Vice President, a Secretary, and a Treasurer, each of whom shall be appointed by the Board. Such other officers and assistant officers deemed necessary may be elected or appointed by the Board. Any two (2) 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, 2023:

<u>Name</u>	<u>Office</u>
Jeffery S. Mize	Chairman, President and CEO
Mark T. Sunderman	Vice President
Kevin P. Mandeville	Secretary and 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, 2023.

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 corporation and will not knowingly violate any of the laws applicable to such corporation. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2023.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

There were no amendments made to the Bylaws of AIE during the examination period.

Minutes

The Board and annual meeting minutes of AIE were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. For each year under review, the annual meeting of shareholders of AIE were held within five (5) months following the close of each fiscal year. (Please see "Other Significant Findings" section of the Exam Report regarding this issue.)

AIE has established a Nominating Committee and the minutes of the meeting for the examination period, as well as up to the fieldwork date, have been reviewed.

AFFILIATED COMPANIES

Organizational Structure

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

Service Agreements

Consulting & Services Agreement

The Board of AIE has entered into a contractual agreement with USI Insurance Services LLC (USI). This agreement provides insurance industry expertise and advice, as well as office space and secretarial support. Additionally, USI provides daily management, record-keeping, oversight of regulatory reporting, investment activity, and marketing activity. The service fees paid under the terms of this agreement for 2023 were \$112,500.

Meridian Investment Advisors

During the examination period, Meridian Investment Advisors provided investment advisory services to the Exchange.

Risk Purchasing Group

On December 22, 2009, AIE became a registered risk purchasing group with the INDOI under applicable statutes. The following policies were purchased under this capacity by the Exchange:

The Exchange is insured under a Premises Pollution Liability Insurance Policy issued by Illinois Union Insurance Company. This policy provides coverage for a period of three (3) years, commencing on January 1, 2022 and includes coverages A, B, and C. The policy limits are \$10 million per pollution or indoor environmental condition, and the aggregate policy limit is \$25 million with a retention or deductible of \$500,000.

The Exchange is also insured under a Pollution Liability Excess policy issued by Navigators Specialty Insurance Company. This policy provides coverage for a period of three (3) years, with an inception date of January 1, 2022. The limits of insurance under this policy are \$25 million each incident and general aggregate. The policy limits apply after the underlying coverage provided under the policy stated in the above paragraph, with underlying limits of \$10 million for each incident and \$25 million aggregate.

FIDELITY BOND AND OTHER INSURANCE

AIE protects itself against loss from any fraudulent or dishonest acts through a fidelity bond, which provides various coverages and was issued by Travelers Casualty and Surety Company of America. The single loss limit under each type of coverage is \$500,000 and the aggregate limit of insurance is \$1 million, with a \$5,000 deductible. The fidelity bond exceeds the prescribed minimum coverage specified by the NAIC.

AIE has additional types of coverages in force as of December 31, 2023, including but not limited to directors and officers, and commercial business owners' policy coverage.

TERRITORY AND PLAN OF OPERATION

The Exchange is a licensed risk retention group incorporated in the state of Indiana and registered in Illinois, Kentucky, Michigan, and Ohio. The Exchange is authorized to issue insurance coverage through its risk retention group and apply for excess insurance for its members through its risk purchasing group. The group is closed to any new members. The Exchange has established a maximum of \$500,000 per each pollution incident limit and \$1 million annual aggregate per member and \$2.5 million group annual aggregate. The self-insured retentions per member are either \$100,000 or \$250,000 based on location per each incident. In 2023, the largest percentages of direct premiums written were from Indiana (56.8%) and Ohio (35.2%).

REINSURANCE

Ceded Reinsurance

In lieu of a reinsurance treaty, the Exchange is protected against excessive loss under an insurance policy written through Illinois Union Insurance Company. Policy limits and coverages under the policy correspond to those provided by the Exchange to its members, except for the difference between the deductibles applied by the Exchange to its members and the deductible the Exchange carried under the insurance policy. See sub-section "Risk Purchasing Group" of this report for further comments.

Assumed Reinsurance

No business was assumed by the Exchange during the examination period.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Exchange with the INDOI and present the financial condition of the Exchange for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP

Assets
As of December 31, 2023

	<u>Per Exchange</u>
Bonds	\$ 299,857
Stocks:	
Preferred stocks	632,634
Common stocks	22,463,914
Cash, cash equivalents and short-term investments	<u>616,662</u>
Subtotals, cash and invested assets	24,013,067
Investment income due and accrued	3,000
Current federal and foreign income tax recoverable and interest thereon	34,700
Aggregate write-ins for other than invested assets	<u>13,500</u>
Totals	<u>\$ 24,064,267</u>

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

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP
Liabilities, Surplus and Other Funds
As of December 31, 2023

	<u>Per Exchange</u>
Losses	\$ 2,680,000
Loss adjustment expenses	66,000
Other expenses	69,269
Taxes, licenses and fees	19,041
Net deferred tax liability	568,100
Total liabilities excluding protected cell liabilities	<u>3,402,410</u>
Total liabilities	<u>3,402,410</u>
Gross paid in and contributed surplus	5,842,991
Unassigned funds (surplus)	14,818,866
Surplus as regards policyholders	<u>20,661,857</u>
Totals	<u>\$ 24,064,267</u>

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

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP
Statement of Income
For the Year Ended December 31, 2023

	<u>Per Exchange</u>
UNDERWRITING INCOME	
Premiums earned	\$ 1,020,034
DEDUCTIONS	
Losses incurred	1,000
Loss adjustment expenses incurred	21,660
Other underwriting deductions	385,880
Total underwriting deductions	<u>408,540</u>
Net underwriting gain (loss)	611,494
INVESTMENT INCOME	
Net investment income earned	767,202
Net realized capital gains (losses) less capital gains tax	<u>(252,137)</u>
Net investment gain (loss)	515,065
OTHER INCOME	
Total other income	<u>-</u>
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	<u>1,126,559</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	1,126,559
Federal and foreign income taxes incurred	87,800
Net income	<u>\$ 1,038,759</u>

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

AGRI INSURANCE EXCHANGE RISK RETENTION GROUP
Reconciliation of Capital and Surplus Account

	2023	2022	2021	2020	2019
Surplus as regards policyholders, December 31 prior year	\$ 17,974,166	\$ 21,780,880	\$ 19,614,554	\$ 17,580,292	\$ 14,872,092
Net income	1,038,759	556,396	1,517,435	838,215	1,211,588
Change in net unrealized capital gains or (losses) less capital gains tax	1,993,794	(4,126,626)	805,263	1,481,559	1,831,978
Change in net unrealized foreign exchange capital gain (loss)	-	-	-	-	-
Change in net deferred income tax	(422,600)	878,500	(170,900)	(307,000)	(392,600)
Change in nonadmitted assets	369,855	(739,708)	358,944	358,939	358,943
Change in provision for reinsurance	-	-	-	-	-
Cumulative effect of changes in accounting principles	-	-	-	-	-
Capital changes:					
Paid in	-	-	-	-	-
Surplus adjustments:					
Paid in	(292,117)	(375,276)	(344,416)	(337,451)	(301,709)
Dividends to stockholders	-	-	-	-	-
Aggregate write-ins for gains and losses in surplus	-	-	-	-	-
Change in surplus as regards policyholders for the year	<u>2,687,691</u>	<u>(3,806,714)</u>	<u>2,166,326</u>	<u>2,034,262</u>	<u>2,708,200</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 20,661,857</u>	<u>\$ 17,974,166</u>	<u>\$ 21,780,880</u>	<u>\$ 19,614,554</u>	<u>\$ 17,580,292</u>

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

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2023, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company at such time within that period as the Bylaws may provide. For each year under review, the annual meeting of shareholders of AIE were held within five (5) months following the close of each fiscal year.

However, upon review, it was identified that AIE's Bylaws state that the annual meeting of the stockholders shall be held annually within one hundred eighty (180) days after the close of their fiscal year.

It is recommended that AIE amend its Bylaws to comply with IC 27-1-7-7(b) by stating that the annual shareholders meeting shall be held within five (5) months after the close of each fiscal year.

SUBSEQUENT EVENTS

Subsequent to the examination period, the Exchange discontinued its services agreement with USI, effective December 31, 2024, and its investment advisory services with Meridian Investment Advisors, effective January 31, 2024. They entered into new agreements to provide underwriting, claims handling, accounting, financial reporting, and investment advisory services as follows:

- Effective December 19, 2024, the Exchange entered into a service agreement with Strategic Risk Solutions (Vermont) Ltd. to provide management, financial reporting, and regulatory compliance services to the Exchange.
- Effective November 1, 2024, the Exchange entered into a service agreement with Founders Series of Lockton Companies, LLC to provide general services, claims management services, risk management services, and loss control services to the Exchange.
- Effective February 1, 2024, the Exchange entered into an investment advisory agreement with Oxford Financial Group, Ltd. LLC, to provide investment financial advisory services to the Exchange.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-In-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from The Thomas Consulting Group, Inc., and actuarial assistance from Rebecca Freitag, FCAS, MAAA performed an examination of Agri Insurance Exchange Risk Retention Group, as of December 31, 2023.

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

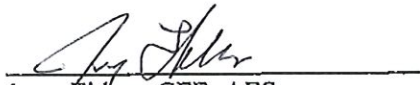
The examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 the condition of Agri Insurance Exchange Risk Retention Group as of December 31, 2023, as determined by the undersigned.



David L. Daulton, CFE
The Thomas Consulting Group, Inc.

Under the Supervision of:



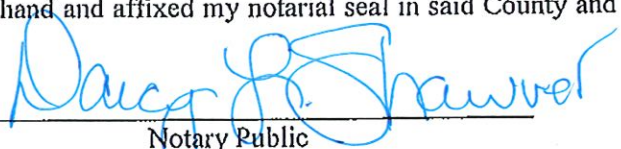
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 5th day of June, 2025, before me personally appeared, David L. Daulton 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 Oct. 4, 2025


Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC

SEAL

MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 708053

