

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

IN THE MATTER OF:)
)
Echo-German Mutual Insurance Company, Inc.)
6227 Constitution Drive)
Fort Wayne, Indiana 46804)

Examination of: **Echo-German Mutual Insurance Company, Inc.**

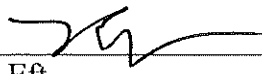
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Holly W. Lambert, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Echo-German Mutual Insurance Company, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on February 10, 2025, 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 Echo-German Mutual Insurance Company, Inc. 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.

April 1, 2025
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 7274

STATE OF INDIANA) BEFORE THE INDIANA
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IN THE MATTER OF:)
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Echo-German Mutual Insurance Company, Inc.)
6227 Constitution Drive)
Fort Wayne, Indiana 46804)

Examination of: **Echo-German Mutual Insurance Company, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Echo-German Mutual Insurance Company, Inc. (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on December 4, 2023.

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 February 10, 2025 and was received by the Company on February 18, 2025.

The Company did not file any objections.

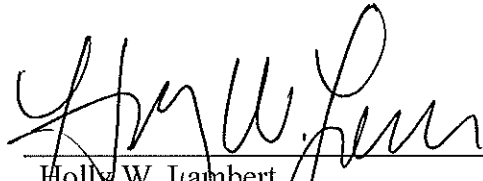
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Echo-German Mutual Insurance Company, Inc. as of December 31, 2022.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Echo-German Mutual Insurance Company, Inc. 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 15th day of April, 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

ECHO-GERMAN MUTUAL INSURANCE COMPANY, INC.
NAIC Co. CODE 14466

As of

December 31, 2022

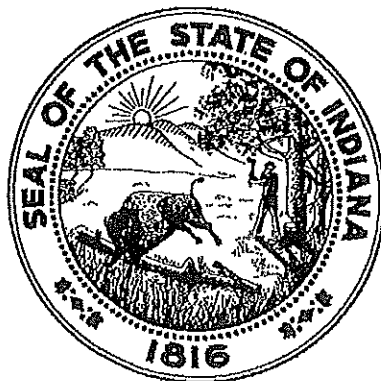


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STATE OF INDIANA

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/idoi

December 4, 2023

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 4170, an examination has been made of the affairs and financial condition of:

Echo-German Mutual Insurance Company, Inc.
6227 Constitution Drive
Fort Wayne, Indiana 46804

Echo-German Mutual Insurance Company, Inc. (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, 2022, 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 317-232-5253	COMPANY RECORDS 317-232-2383	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
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SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined Echo-German Mutual Insurance Company, Inc. (the Company) for the period ending December 31, 2017. Ingardus, LLC (Ingardus) conducted the present risk-focused examination for the period from January 1, 2018 through December 31, 2022. 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 1867 as German Mutual Fire Indemnity Association. In 1976, the Company merged with Echo Mutual Tornado Insurance Company, the latter being the surviving company, which subsequently changed its name to Echo-German Mutual Insurance Company, Inc.

The purpose of the Company, as stipulated within its Articles of Incorporation and Bylaws, is to safeguard its policyholders against losses to property, both real and personal, caused by cyclone, fire, hail, lightning, tornado, and windstorm by distributing, on the mutual insurance plan, such losses as may occur.

SURPLUS

As of December 31, 2022, the Company had surplus of \$17,999,361 and 264 policies. The policyholders are the owners of the Company.

TERRITORY AND PLAN OF OPERATION

The Company provides insurance coverage for towns and small cities, farms and farm-related structures, livestock, machinery and mobile homes. The Company conducts business in the Indiana counties of Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wabash, Wells and Whitley.

GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus
2022	\$18,181,881 ^A	\$ 182,520	\$17,999,361 ^A
2021	20,892,038	189,653	20,702,385
2020	18,206,878	104,656	18,102,222
2019	16,824,351	120,892	16,703,459
2018	14,508,370	161,539	14,346,831

MANAGEMENT AND CONTROL

Directors

The business of the Company is managed by a Board of Directors (Board) comprised of no less than seven (7) and no more than fifteen (15) members. A majority of the Board constitutes a quorum for the transaction of business. Each director serves for a term of three (3) years and is elected at the annual meeting of the members, in staggered terms. The following is a listing of persons serving as directors as of December 31, 2022:

Name	City
Darrell Buuck	Hoagland, Indiana
Ronald Hockemeyer	New Haven, Indiana
Lloyd Meyer	Ossian, Indiana
Frederick Meyer	New Haven, Indiana
Donald Scheumann	Hoagland, Indiana
Delbert Scheiman	Decatur, Indiana
Daniel Thiele	Fremont, Indiana
Dale Thomas	Uniondale, Indiana
James Wenger	Bluffton, Indiana

Officers

The officers of this Company are a President, a Vice President, a Secretary and a Treasurer. Officers are elected at the annual meeting and serve for a term of one (1) year. The following is a listing of the persons serving as officers of the Company as of December 31, 2022:

Name	Office
James Wenger	President
Frederick Meyer	Vice President
Daniel Thiele	Secretary
Lloyd Meyer	Treasurer

^A The admitted assets and surplus for 2022 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 have reviewed and signed their statements as of December 31, 2022.

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, 2022.

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 is owned by its members and has an affiliated investment in Echo German Insurance Agency, LLC.

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 The Cincinnati Insurance Company. The bond has a policy aggregate limit of liability of \$125,000. 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, 2022, including but not limited to business liability, directors and officers liability, professional liability, commercial liability, automobile 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

The Company's reinsurance program is placed through Guy Carpenter. The reinsurance program includes three (3) treaties, each effective January 1, 2022, which are described below:

- *Property First Surplus Reinsurance Contract* — All risks are reinsured for up to \$125,000 in excess of the Company's minimum net retention of \$15,000 and a maximum cession of \$500,000 per farm risk and \$400,000 any other risk.
- *Aggregate Excess of Loss Reinsurance Contract* — Coverage includes 100% of an amount equal to \$72.00 per \$1,000 of average net fire insurance in force in excess of an amount equal to \$9.25 per \$1,000 of average net fire insurance in force.
- *Property Facultative Excess of Loss Reinsurance Contract* — Cessions to this contract shall be limited to a maximum cession of 500,000 with a minimum retention of \$2,500.

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, 2021 and 2022, agreed to the respective Annual Statements.

ECHO-GERMAN MUTUAL INSURANCE COMPANY
Assets, Liabilities and Surplus
As of December 31, 2022

	Per Annual Statement	Examination Adjustments*	Per Examination
ASSETS			
Bonds	\$ 3,987,701	\$ (3,987,701)	\$ -
Stocks	12,177,148	4,003,803	16,180,951
Bank balances	1,894,610	-	1,894,610
Reinsurance receivable on paid losses	106,320	-	106,320
Total Assets	<u>\$ 18,165,779</u>	<u>\$ 16,102</u>	<u>\$ 18,181,881</u>
LIABILITIES AND SURPLUS			
Liabilities			
Unpaid claims	\$ 12,885	\$ -	\$ 12,885
Less, reinsurance recoverable	(7,865)	-	(7,865)
Net unpaid claims	5,020	-	5,020
Ceded reinsurance balances payable	87,317	-	87,317
Taxes payable	36,696	-	36,696
Other unpaid expenses	4	-	4
Premiums received in advance	1,603	-	1,603
Unearned premium reserve	51,880	-	51,880
Total Liabilities	<u>182,520</u>	<u>-</u>	<u>182,520</u>
Surplus	17,983,259	16,102	17,999,361
Total Liabilities and Surplus	<u>\$ 18,165,779</u>	<u>\$ 16,102</u>	<u>\$ 18,181,881</u>

* The Company overstated its bonds and understated its stocks. As a result of these adjustments, there was an increase of \$16,102 to surplus. See the Comments on the Financial Statements section of this Report of Examination.

ECHO-GERMAN MUTUAL INSURANCE COMPANY
Income Statement and Change in Surplus
For the year ended December 31, 2022

	Per Annual Statement	Examination Adjustments*	Per Examination
INCOME			
Net premiums:			
Direct premiums written	\$ 195,894	\$ -	\$ 195,894
Less: Reinsurance premiums ceded	(87,318)	-	(87,318)
Total net premiums written	108,576	-	108,576
Aggregate excess loss reinsurance paid	(30,800)	-	(30,800)
Total net premiums	77,776	-	77,776
Income from investments	881,878	-	881,878
Other income	61,453	-	61,453
Total income	1,021,107	-	1,021,107
DISBURSEMENTS			
Net losses paid:			
Direct losses	295,381	-	295,381
Less: Reinsurance recovered	-	-	-
Net losses paid	295,381	-	295,381
Operating expenses	194,035	-	194,035
Non-operating expenses	330,311	-	330,311
Total disbursements	819,727	-	819,727
CHANGE IN SURPLUS			
Net income	201,380	-	201,380
Change in accrued assets and liabilities	99,347	-	99,347
Change in unrealized gains (losses)	(3,019,853)	16,102	(3,003,751)
Surplus, beginning of period	20,702,385	-	20,702,385
Surplus, end of period	\$ 17,983,259	16,102	\$ 17,999,361

* The Company overstated its bonds and understated its stocks. As a result of these adjustments, there was an increase of \$16,102 to surplus. See the Comments on the Financial Statements section of this Report of Examination.

COMMENTS ON THE FINANCIAL STATEMENTS

The Company recognized certain assets as bonds that should have been classified as stocks. This caused an overstatement of \$3,987,701 in bonds and an understatement of \$4,003,803 in stocks as of December 31, 2022. Note that bonds are typically carried at book value and stocks are carried at market value. These adjustments caused a net understatement to surplus of \$16,102 as of December 31, 2022.

OTHER SIGNIFICANT ISSUES

The Company's fidelity bond as of December 31, 2022 was \$125,000. The NAIC suggested minimum amount of fidelity insurance for the Company calculates to between \$150,001 and \$175,000. The suggested minimum amount of fidelity insurance is based on the Company's total admitted assets and gross income.

It is recommended that the Company become compliant with the recommended fidelity bond coverage range.

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 Echo-German Mutual Insurance Company, as of December 31, 2022.

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

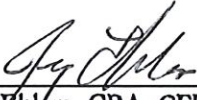
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance 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 Echo-German Mutual Insurance Company as of December 31, 2022, 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 31st day of March, 2025, 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 Darcy L. Shawver
Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC

SEAL

MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 706053

