

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

IN THE MATTER OF: )

Farmers Mutual Insurance Company of St. Joseph and Marshall Counties )  
440 East Jefferson Street )  
Plymouth, Indiana 46563 )

Examination of: Farmers Mutual Insurance Company of St. Joseph and Marshall Counties


**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 Farmers Mutual Insurance Company of St. Joseph and Marshall Counties any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Farmers Mutual Insurance Company of St. Joseph and Marshall Counties 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 13, 2024  
\_\_\_\_\_  
Date

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

**CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3345**

STATE OF INDIANA                    )  
  ) SS:  
COUNTY OF MARION                )

BEFORE THE INDIANA  
COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
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**Farmers Mutual Insurance Company of St. Joseph and Marshall Counties** )  
**440 East Jefferson Street** )  
**Plymouth, Indiana 46563** )

Examination of: **Farmers Mutual Insurance Company of St. Joseph and Marshall Counties**

## FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Farmers Mutual Insurance Company of St. Joseph and Marshall Counties (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 April 15, 2024, and was received by the Company on April 15, 2024.

On April 23, 2024, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

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

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

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2022.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

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

Signed this 13 day of  
may, 2024.

  
\_\_\_\_\_  
Amy L. Beard  
Insurance Commissioner

## **ABOUT AFFIRMATIONS**

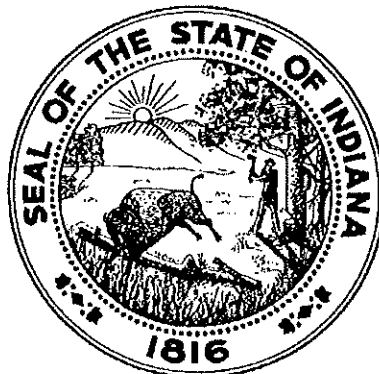
The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

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

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

**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**  
**FARMERS MUTUAL INSURANCE COMPANY OF ST. JOSEPH**  
**AND MARSHALL COUNTIES**  
NAIC Co. CODE 92301

As of  
December 31, 2022



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# 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: 317-234-2103  
Website: [in.gov/idoi](http://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 4176, an examination has been made of the affairs and financial condition of:

**Farmers Mutual Insurance Company of St. Joseph and Marshall Counties**  
**440 East Jefferson Street**  
**Plymouth, Indiana 46563**

Farmers Mutual Insurance Company of St. Joseph and Marshall Counties (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 Farmers Mutual Insurance Company of St. Joseph and Marshall Counties (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 1872 and operates under Indiana Code (IC) 27-5.1, which applies to farm mutual insurance companies.

The purpose of the Company, as stipulated within its Constitution, is to insure its members in case of loss or damage of property by fire or lightning.

## **SURPLUS**

As of December 31, 2022, the Company had surplus of \$3,797,116 and 1,033 policies. The policyholders are the owners of the Company.

## **TERRITORY AND PLAN OF OPERATION**

The Company provides property insurance for homes, farms, outbuildings, and personal contents.. The Company conducts business in the Indiana counties of Delaware, Elkhart, Fulton, Kosciusko, LaGrange, LaPorte, Madison, Marshall, Miami, Noble, Pulaski, St. Joseph, Starke, and Wabash.



### GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus
2022	\$ 4,300,670	\$ 503,554	\$ 3,797,116
2021	4,708,468	637,149	4,071,319
2020	4,187,051	429,943	3,757,108
2019	4,072,151	559,493	3,512,658
2018	3,921,977	63,612	3,858,365

### MANAGEMENT AND CONTROL

#### Directors

The corporate powers of the Company are managed by a Board of Directors (Board) consisting of not fewer than seven (7) directors. Three-fifths of the officers and directors present constitutes a quorum for the transaction of business via a majority vote of those in attendance. Each director is elected to a three (3) year term and the terms are staggered. The following is a listing of persons serving as directors as of December 31, 2022:

Name	City
Brandt Ayoub	Bremen, Indiana
Steven Davenport	Plymouth, Indiana
Jon Langfeldt	Plymouth, Indiana
Seth Manns	Rochester, Indiana
Bryan Miller	Bremen, Indiana
Philip Overmyer	Argos, Indiana
David Ruff	Plymouth, Indiana
Roger Schori	Bourbon, Indiana

#### Officers

The officers of the Company are a President, a Vice President and a Secretary-Treasurer. The officers of the Company are elected to one (1) year terms and are elected from the Board of Directors. The following is a listing of the persons serving as officers of the Company as of December 31, 2022:

Name	Office
Roger Schori	President
Steven Davenport	Vice President
Philip Overmyer	Secretary-Treasurer

### **CONFLICT OF INTEREST**

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

#### **Constitution**

There were no amendments made to the Constitution 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 Farmers Mutual Insurance Agency.

### **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 Ohio Casualty Insurance Company. The bond has a policy aggregate limit of liability of \$250,000. 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, 2022, including but not limited to agents and brokers professional liability, professional liability, and directors and officers liability coverage.

### **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 with Grinnell Mutual Reinsurance Company. The reinsurance program includes two (2) treaties, both effective January 1, 2022, which are described below:

- *Property Per Risk Excess of Loss Reinsurance Contract* – The Company's retention under this agreement is the first \$130,000 of the ultimate net loss incurred by the Company per risk. The maximum reinsurance recovery is up to \$15,000,000 per risk including the Company retention and provided the Company provides timely notification to the Reinsurer of any risks exceeding \$10,000,000.
- *Property Aggregate Excess of Loss Reinsurance* – The Company retains \$485,000 of the ultimate net losses incurred, net of all other reinsurance recoveries. The coverage limit is 100% of the Company's ultimate net loss in excess of the Company retention with no limit to the reinsurance coverage.

### **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.

FARMERS MUTUAL INSURANCE COMPANY OF ST. JOSEPH AND MARSHALL COUNTIES  
Assets, Liabilities and Surplus  
As of December 31, 2022

	Per Annual Statement	Examination Adjustments*	Per Examination
<b>ASSETS</b>			
Bonds	\$ 250,000	\$ (200,000)	\$ 50,000
Stocks	2,951,540	(115,379)	2,836,161
Bank balances	587,963	315,379	903,342
Real estate	255,215	-	255,215
Cash in office	703	-	703
Unpaid premiums	3,657	-	3,657
Accrued interest	2,306	-	2,306
Cash surrender value of life insurance	222,904	-	222,904
Federal income tax recoverable	13,000	-	13,000
Other assets	13,382	-	13,382
Total Assets	<u>\$ 4,300,670</u>	<u>\$ -</u>	<u>\$ 4,300,670</u>
<b>LIABILITIES AND SURPLUS</b>			
Liabilities			
Unpaid claims	\$ 32,000	\$ -	\$ 32,000
Less, reinsurance recoverable	-	-	-
Net unpaid claims	32,000	-	32,000
Premiums received in advance	22,942	-	22,942
Ceded reinsurance balances payable	11,726	-	11,726
Unpaid salaries and commissions	8,427	-	8,427
Taxes payable	4,323	-	4,323
Premiums collected for other companies	3,986	-	3,986
Amounts withheld for the accounts of others	2,447	-	2,447
Unpaid loss adjustment expense	600	-	600
Unearned premium reserve	417,103	-	417,103
Total Liabilities	503,554	-	503,554
Surplus	3,797,116	-	3,797,116
Total Liabilities and Surplus	<u>\$ 4,300,670</u>	<u>\$ -</u>	<u>\$ 4,300,670</u>

\* The Company overstated its bonds and stocks and understated its bank balances. There was no change to surplus as a result of these adjustments. See the Comments on the Financial Statements section of this Report of Examination.

FARMERS MUTUAL INSURANCE COMPANY OF ST. JOSEPH AND MARSHALL COUNTIES  
Income Statement and Change in Surplus  
For the year ended December 31, 2022

	Per Annual Statement
<b>INCOME</b>	
Net premiums:	
Direct premiums written	\$ 822,366
Less: Reinsurance premiums ceded	-
Total net premiums written	822,366
Membership and policy fees	1,972
Aggregate excess loss reinsurance paid	(140,596)
Total net premiums	683,742
Income from investments	170,117
Other income	74,145
Total income	928,004
<b>DISBURSEMENTS</b>	
Net losses paid:	
Direct losses	315,988
Less: Reinsurance recovered	(2,350)
Net losses paid	313,638
Operating expenses	411,674
Non-operating expenses	325,133
Total disbursements	1,050,445
<b>CHANGE IN SURPLUS</b>	
Net loss	(122,441)
Change in accrued assets and liabilities	141,676
Change in unrealized gains (losses)	(293,438)
Surplus, beginning of period	4,071,319
Surplus, end of period	\$ 3,797,116

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

The Company recognized certain assets as bonds and stocks that should have been classified as bank balances. This caused an overstatement of \$200,000 in bonds, an overstatement of \$115,379 in stocks and an understatement of \$315,379 in bank balances as of December 31, 2022. There was no change to surplus as a result of these adjustments.

### **OTHER SIGNIFICANT ISSUES**

There were no significant issues identified as of December 31, 2022, based on the results of this examination.

### **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 Farmers Mutual Insurance Company of St. Joseph and Marshall Counties, 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 Farmers Mutual Insurance Company of St. Joseph and Marshall Counties 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

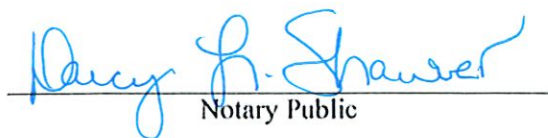
Under the Supervision of:



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

On this 13<sup>th</sup> day of May, 2024, 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

