

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

IN THE MATTER OF:)
)
Growers Mutual Insurance Company)
4728 Lisborn Drive)
Carmel, Indiana 46033)

Examination of: **Growers Mutual Insurance Company**

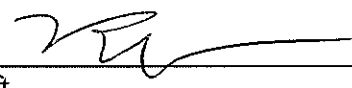
NOTICE OF ENTRY OF ORDER

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 Growers Mutual Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on December 11, 2020, 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 Growers Mutual Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

2/11/2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7017 3040 0000 9294 9773

STATE OF INDIANA) BEFORE THE INDIANA
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FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Growers Mutual Insurance Company (hereinafter “Company”) for the time period January 1, 2014 through December 31, 2018.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 29, 2020.

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 December 11, 2020 and was received by the Company on December 14, 2020.

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 Growers Mutual Insurance Company as of December 31, 2018.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Growers Mutual Insurance Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

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

Signed this 11th day of
February, 2021.



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.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

GROWERS MUTUAL INSURANCE COMPANY
NAIC Co. CODE 14563

As of

December 31, 2018

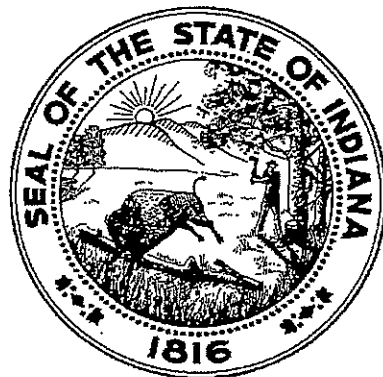


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

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

May 29, 2020

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 4023, an examination has been made of the affairs and financial condition of:

Growers Mutual Insurance Company
4728 Lisborn Drive
Carmel, Indiana 46033

hereinafter referred to as the "Company", an Indiana domiciled, farm mutual insurance company. The examination was conducted at the Company's corporate offices in Carmel, Indiana and the offices of Noble Consulting Services, Inc., in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2018, 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
317-232-2413	317-232-3495	317-232-2395/1-800-622-4461	317-232-2390	317-232-2402	317-232-5692	1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance as of the period ending December 31, 2013. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2014 through December 31, 2018, 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 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. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating 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.

HISTORY

The Company was organized in 1868, in the state of Indiana, as the Germain Farmers' Aid Association Against Fire Losses of Marion and Adjoining Counties. On November 13, 1943, the Company adopted Chapter 145, Acts 1919, as amended, of the Indiana Insurance Code and the name of the Company was changed to Growers Mutual Insurance Company. The Company's Articles of the Incorporation state the purpose of the Company shall be to insure its members against loss from hazards permitted to be insured against by the farm mutual law under which it operates and to distribute on the mutual insurance plan such loss, as may occur, in spite of reasonable precautions.

On December 30, 2009, the Company reorganized from a farm mutual insurer to a mutual insurance Company. The Company elected to change back to the farm mutual insurance company structure on September 24, 2012.

Rochester Farmers Mutual Insurance Company merged into the Company on December 31, 2013.

The Company, operating under farm mutual laws, insures its members for loss and damage to farm property and structures.

CAPITAL AND SURPLUS

As of December 31, 2018, the Company had surplus of \$1,725,849. The Company has 671 members, who are the owners of the Company.

TERRITORY AND PLAN OF OPERATION

The Company currently conducts business in Indiana, with the exception of Lake, Marion, and Vanderburgh counties.

The Company primarily insures farm property and equipment, and residential and rented dwellings. Policies are written on a one (1) year basis.

GROWTH OF THE COMPANY

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

Year	Admitted		
	Assets	Liabilities	Surplus
2018	\$ 2,066,360	\$ 340,511	\$ 1,725,849
2017	1,874,523	324,175	1,550,348
2016	1,839,305	474,412	1,364,893
2015	1,917,877	438,911	1,478,966
2014	1,720,124	487,871	1,232,253

MANAGEMENT AND CONTROL

Directors

The corporate powers of the Company are vested in a Board of Directors (Board) consisting of at least five (5) and not more than seven (7) directors. Directors are elected to serve two (2) year staggered terms. The following is a listing of persons serving as directors as of December 31, 2018:

Name	Address
Raymond Adler	Noblesville, Indiana
Jim Craig	Noblesville, Indiana
Tim Craig	Noblesville, Indiana
Nathan Garrett	Brownsburg, Indiana
Marc Graber	Berne, Indiana
Eric Hubicki	Elgin, Illinois
Craig Smith	Tallahassee, Florida

Officers

The officers of the Company consist of a President, Vice President, Secretary, and Treasurer. Officers are elected at the annual meeting of the Board and serve for a term of two (2) years. The following is a list of key officers and their respective titles as of December 31, 2018.

Name	Office
Marc Graber	President
Tim Craig	Vice President
James Craig	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, 2018.

OATH OF OFFICE

Indiana Code (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 of the directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2018.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

There were no amendments made 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 no affiliated companies.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Travelers Casualty and Surety Company of America. The bond has a blanket coverage 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 as of December 31, 2018, including but not limited to, insurance company professional liability insurance and directors and officers liability insurance.

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 Farmers Mutual Hail Insurance Company of Iowa (Reinsurer). The reinsurance program includes two (2) treaties, effective January 1, 2018, which are described below.

- *Property Per Risk Excess of Loss Reinsurance Contract* – All risks are reinsured for up to \$500,000 in excess of the Company's retention of \$120,000. Further, the limit of liability to the Reinsurer is \$500,000 for each Loss Occurrence.
- *Aggregate Excess of Loss Reinsurance Contract* – Under the terms of this agreement, the Reinsurer shall be liable in the aggregate in respect of losses for 100% of the Ultimate Net Loss over and above an initial Ultimate Net Loss equal to 90% of Gross Net Written Premium Income, subject to a limit of liability to the Reinsurer of the lesser of \$4,825,540 or 740% of Gross Net Written Premium Income.

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, 2017 and December 31, 2018, were agreed to the respective Annual Statements.

FINANCIAL STATEMENTS

GROWERS MUTUAL INSURANCE COMPANY
Assets, Liabilities and Surplus
As of December 31, 2018

	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>	
Assets:				
Bonds	\$ -	\$ 41,058	\$ 41,058	*
Stocks	9,521	-	9,521	
Bank balances	1,931,616	(41,058)	1,890,558	*
Cash in office	60	-	60	
Unpaid premiums	15,344	-	15,344	
Accrued interest	503	-	503	
Real estate receivable	109,316	-	109,316	
Total assets	<u>\$ 2,066,360</u>	<u>\$ -</u>	<u>\$ 2,066,360</u>	
Liabilities and Surplus:				
Unpaid claims	\$ 5,000	\$ -	\$ 5,000	
Less, reinsurance recoverable	-	-	-	
Net unpaid claims	5,000	-	5,000	
Unpaid salaries and commissions	8,087	-	8,087	
Taxes payable	546	-	546	
Other unpaid expenses	32,467	-	32,467	
Premiums collected for other companies	4,460	-	4,460	
Premiums received in advance	31,437	-	31,437	
Unearned premium reserve	258,514	-	258,514	
Total liabilities	340,511	-	340,511	
Surplus	1,725,849	-	1,725,849	
Total liabilities and surplus	<u>\$ 2,066,360</u>	<u>\$ -</u>	<u>\$ 2,066,360</u>	

* As adjusted through the examination process, bonds were reclassified from certificates of deposits.

GROWERS MUTUAL INSURANCE COMPANY
Income Statement and Change in Surplus
For the Year Ended December 31, 2018

	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination*</u>
Income:			
Premiums, net of reinsurance	\$ 474,381	\$ -	\$ 474,381
Interest and profit on investments	26,769	-	26,769
Other income	73,055	-	73,055
Total income	<u>574,205</u>	<u>-</u>	<u>574,205</u>
Disbursements:			
Losses, net of reinsurance	56,966	-	56,966
Operating expenses	259,120	-	259,120
Non-operating expenses	66,427	-	66,427
Change in ledger assets and liability amounts	16,191	-	16,191
Total disbursements	<u>398,704</u>	<u>-</u>	<u>398,704</u>
Net income	175,501	-	175,501
Surplus, beginning of period	1,550,348	-	1,550,348
Surplus, end of period as reported	<u>\$ 1,725,849</u>	<u>\$ -</u>	<u>\$ 1,725,849</u>

*The Company reports some income statement items on a cash basis. In order to properly reconcile the change in surplus, the change in accrued asset and liability amounts reflect the reconciliation from cash to accrual basis.

COMMENTS ON THE FINANCIAL STATEMENTS

The Company understated its bond balances and overstated its certificate of deposits by \$41,058 at December 31, 2018. This is a reclassification adjustment and has no impact on the income for the period. In the future, the Company should take appropriate measures to ensure the proper reporting of their investments.

The Company reports some income statement items on a cash basis. In order to properly reconcile the change in surplus, the change in ledger assets and liability amounts have been adjusted by \$16,191 through the examination process.

OTHER SIGNIFICANT ISSUES

There were no other significant issues of note during the examination period.

SUBSEQUENT EVENTS

There were no other events subsequent to the examination date and prior to the completion of fieldwork which 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 he, in coordination with staff assistance from Noble Consulting Services, Inc., performed an examination of Growers Mutual Insurance Company, as of December 31, 2018.

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. 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 Growers Mutual Insurance Company, as of December 31, 2018, as determined by the undersigned.



Jim Kattman, CFE
Noble Consulting Services, Inc.

Under the Supervision of:



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

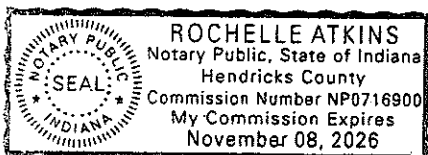
State of: Indiana
County of: Marion

On this 18th day of July, 2019, before me personally appeared, Jim Kattman 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: Nov 8, 2026 Rochelle Atkins

Notary Public



Notary Public

