

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

IN THE MATTER OF: )  
 )  
Growers Automobile Insurance Association )  
317 Circle Tower )  
Indianapolis, Indiana 46204 )

Examination of Growers Automobile Insurance Association

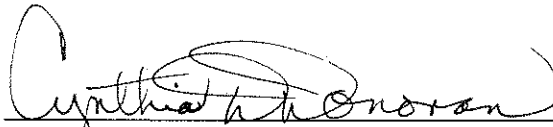
**NOTICE OF ENTRY OF ORDER**

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 Automobile Insurance Association, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on April 26, 2013, 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 Automobile Insurance Association 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.

February 24, 2014  
Date

  
Cynthia D. Donovan  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 9214 8901 0661 5400 0027 5851 35**

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

IN THE MATTER OF: )  
 )  
Growers Automobile Insurance Association )  
317 Circle Tower )  
Indianapolis, Indiana )

Examination of Growers Automobile Insurance Association

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Growers Automobile Insurance Association (hereinafter "Company") for the time period January 1, 2007 through December 31, 2011.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on April 19, 2013

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 26, 2013 and was received by the Company on May 3, 2013.

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 Automobile Insurance Association as of December 31, 2011.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Growers Automobile Insurance Association 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 24 day of  
February, 2014.

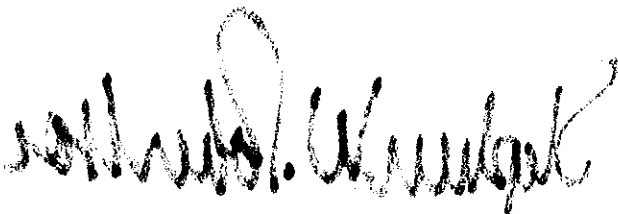
  
Stephen W. Robertson  
Insurance Commissioner  
Indiana Department of Insurance

## 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.

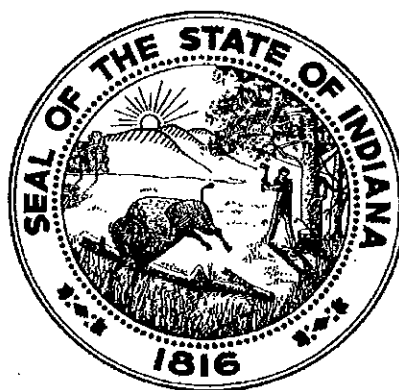
A handwritten signature in black ink, appearing to read "Robert W. Winkler". The signature is written in a cursive style with a large initial "R" and "W".

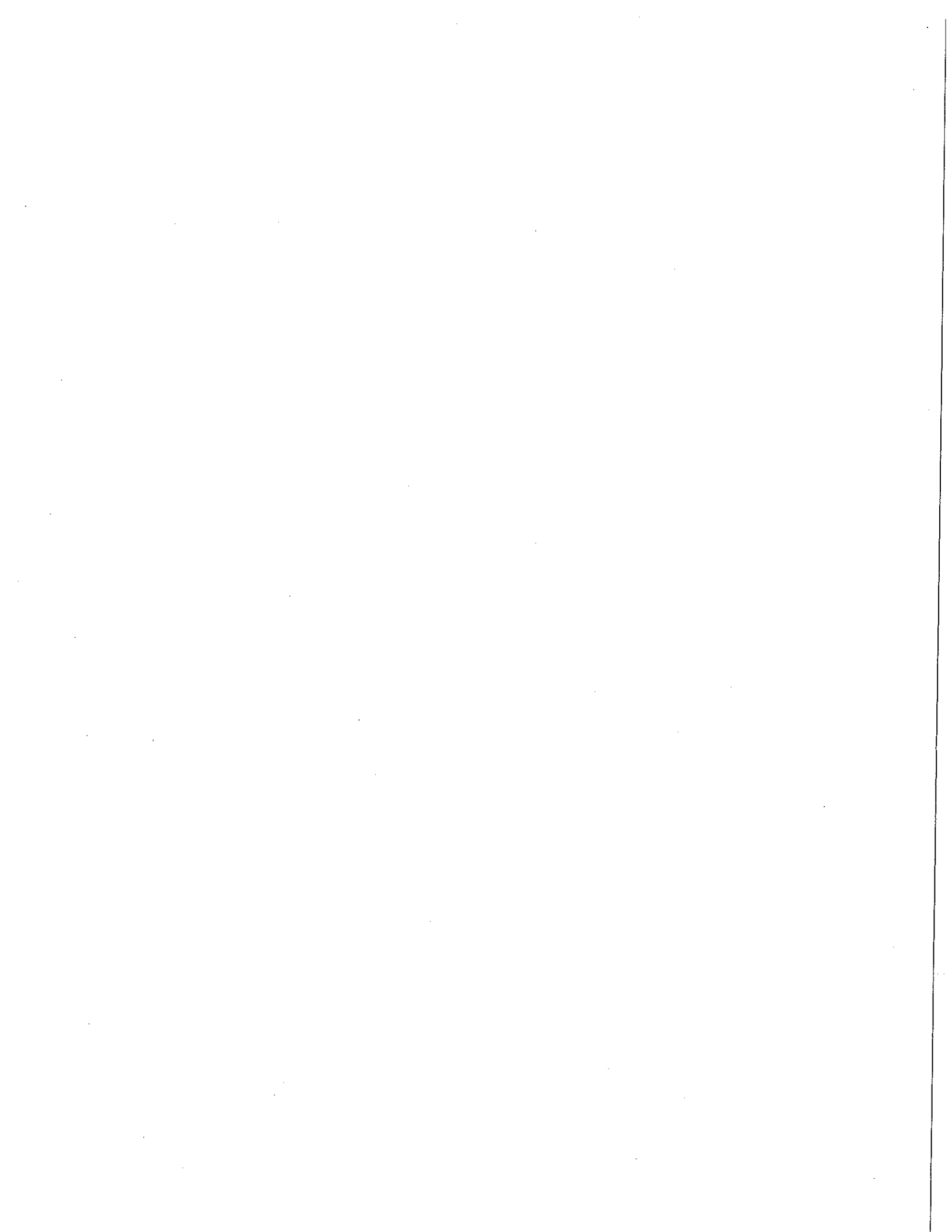
**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**GROWERS AUTOMOBILE INSURANCE ASSOCIATION**  
NAIC COMPANY CODE 15814

As of

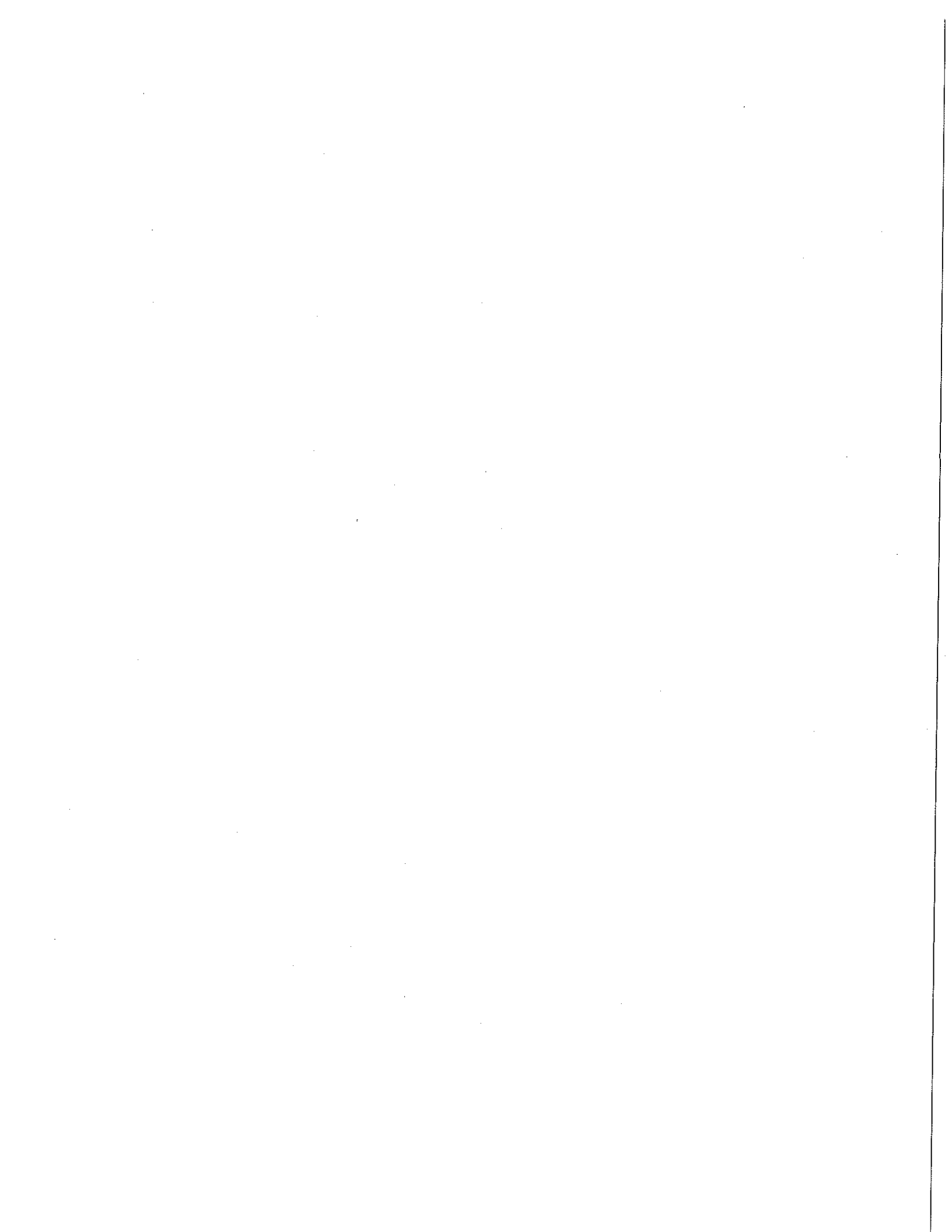
December 31, 2011





## TABLE OF CONTENTS

|   |    |
|---|----|
| SALUTATION.....                           | 1  |
| SCOPE OF EXAMINATION.....                 | 3  |
| HISTORY.....                              | 3  |
| TERRITORY AND PLAN OF OPERATION.....      | 3  |
| GROWTH OF COMPANY.....                    | 3  |
| MANAGEMENT AND CONTROL.....               | 4  |
| Attorney-in-Fact.....                     | 4  |
| Directors.....                            | 4  |
| Officers.....                             | 5  |
| Corporate Governance.....                 | 5  |
| CONFLICT OF INTEREST.....                 | 5  |
| OATH OF OFFICE.....                       | 5  |
| CORPORATE RECORDS.....                    | 5  |
| Articles of Incorporation and Bylaws..... | 5  |
| Minutes.....                              | 6  |
| AFFILIATED COMPANIES.....                 | 6  |
| Organizational Structure.....             | 6  |
| Agreements.....                           | 6  |
| FIDELITY BOND AND OTHER INSURANCE.....    | 6  |
| STATUTORY DEPOSITS.....                   | 7  |
| REINSURANCE.....                          | 7  |
| ACCOUNTS AND RECORDS.....                 | 7  |
| FINANCIAL EXHIBITS.....                   | 8  |
| FINANCIAL STATEMENTS.....                 | 9  |
| Assets.....                               | 9  |
| Liabilities, Surplus and Other Funds..... | 10 |
| Statement of Income.....                  | 11 |
| Capital and Surplus Account.....          | 12 |
| COMMENTS ON THE FINANCIAL STATEMENTS..... | 13 |
| OTHER SIGNIFICANT FINDINGS.....           | 13 |
| SUBSEQUENT EVENTS.....                    | 13 |
| MANAGEMENT REPRESENTATION.....            | 13 |
| AFFIDAVIT.....                            | 14 |







# STATE OF INDIANA

MICHAEL R. PENCE, Governor

# IDOI

## INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300

INDIANAPOLIS, INDIANA 46204-2787

TELEPHONE: (317) 232-2385

FAX: (317) 232-5251

April 19, 2013

Stephen W. Robertson, Commissioner

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 3741, an examination has been made of the affairs and financial condition of:

**Growers Automobile Insurance Association  
55 Monument Circle, 317 Circle Tower  
Indianapolis, IN 46204**

an Indiana domestic property and casualty insurance exchange, hereinafter referred to as the "Association." The examination was conducted at the corporate offices of the Association located in Indianapolis, Indiana.

The Report of Examination, showing the financial status of the Association as of December 31, 2011, is hereby respectfully submitted.

ACCREDITED BY THE  
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES  
(317) 232-2413

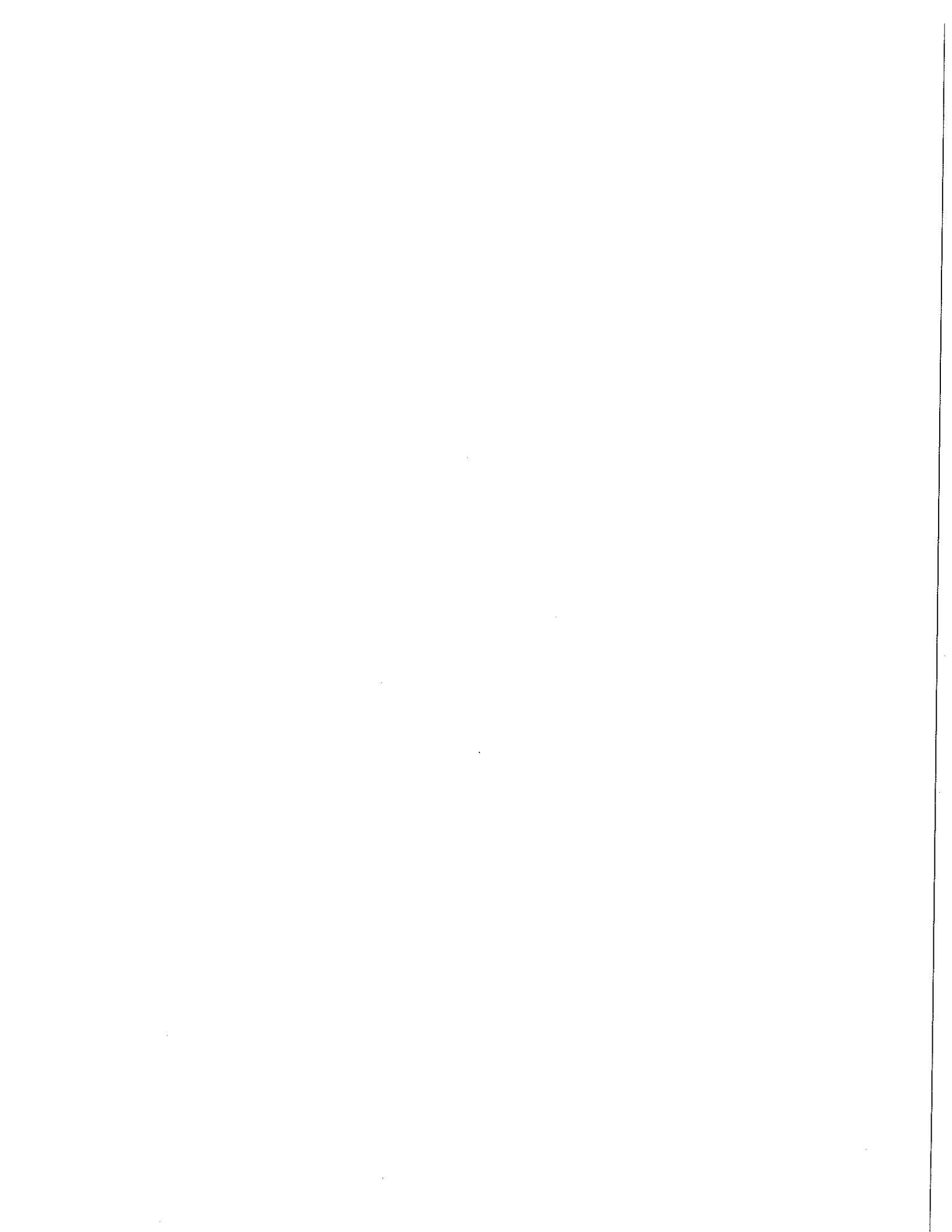
COMPANY COMPLIANCE  
(317) 233-0697

CONSUMER SERVICES  
(317) 232-2395  
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES  
(317) 232-2390

MEDICAL MALPRACTICE  
(317) 232-2402

SECURITIES / COMPANY RECORDS  
(317) 232-1991



## **SCOPE OF EXAMINATION**

The Association was last examined by representatives of the Indiana Department of Insurance (INDOI) as of December 31, 2006. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2007 through December 31, 2011, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The Association was granted an exemption by the INDOI from filing an audited financial statement as they have less than one million dollars in gross written premiums. The Association was also granted an exemption by the INDOI from submitting an actuarial opinion for 2011.

Thomas Consulting conducted a review of information systems controls and gained an understanding of the information systems utilized. It was concluded that there would be no reliance placed on information systems.

In accordance with the NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the risk-focused examination to evaluate the financial condition of the Association 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 Association's compliance with Statutory Accounting Principles, Annual Statement instructions, and the Indiana Insurance Code.

## **HISTORY**

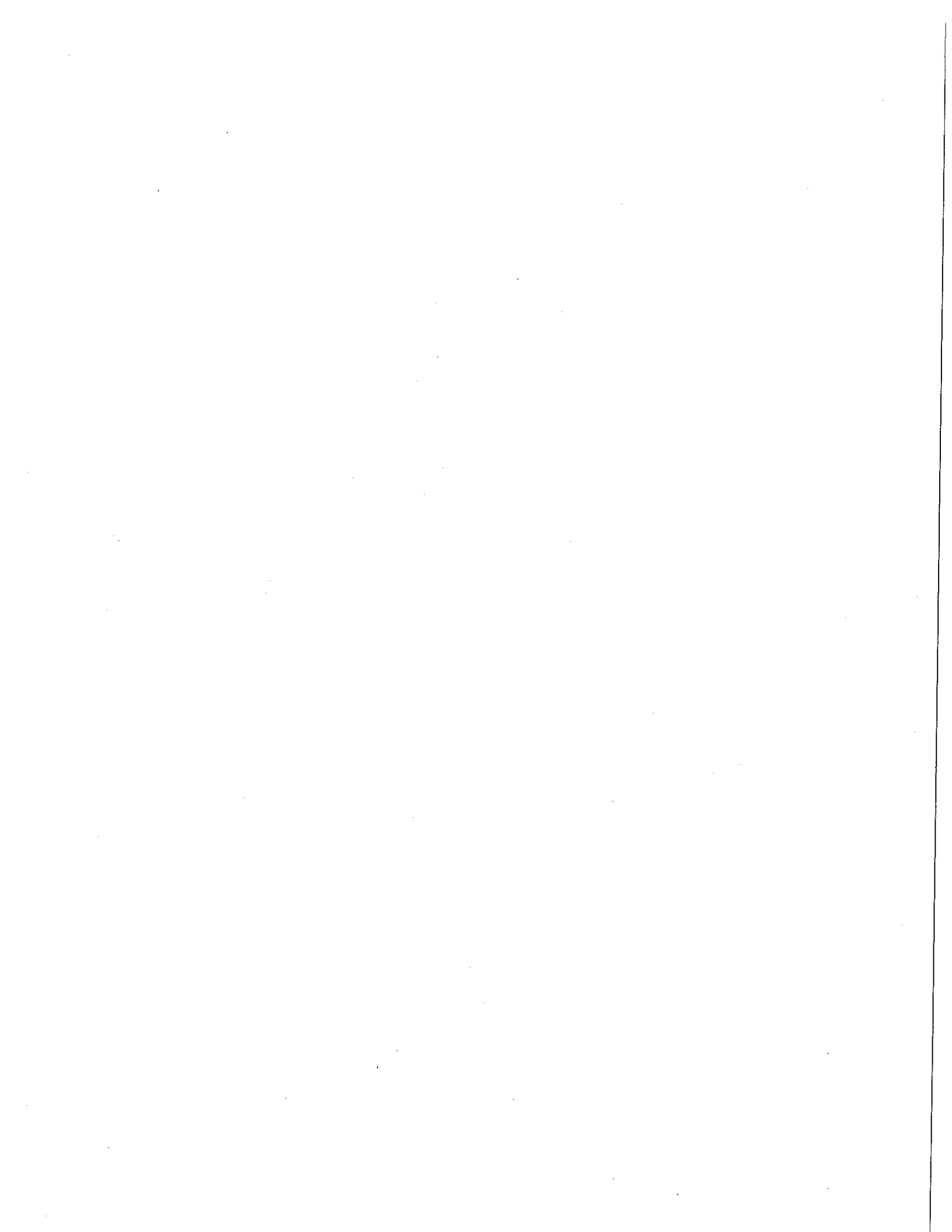
Growers Insurance Agency, Inc., the Attorney-in-Fact for the Association and hereinafter referred to as the "Attorney-in-Fact" or Agency" was incorporated on July 9, 1920. On October 25, 1920, the Agency was issued a "Certificate of Authority" authorizing it to issue and exchange contracts of inter-insurance under the name of Growers Automobile Insurance Association. It also commenced business on October 25, 1920.

## **TERRITORY AND PLAN OF OPERATION**

The Association writes automobile liability and physical damage coverage for both personal and light commercial risks located throughout Indiana. All business is written directly through the Association policy limits of \$100,000/300,000/50,000. There were approximately 200 policyholders as of December 31, 2011.

## **GROWTH OF COMPANY**

The following exhibit depicts the Company's financial results throughout the examination period:



|                       | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Total admitted assets | \$4,372,480 | \$4,424,191 | \$4,126,884 | \$3,558,918 | \$4,567,969 |
| Total liabilities     | 874,606     | 928,320     | 859,619     | 2,259,152   | 1,853,843   |
| Policyholder surplus  | 3,497,874   | 3,495,871   | 3,267,266   | 1,299,769   | 2,714,129   |
| Net income            | 48,896      | (7,086)     | 2,960       | 134,668     | 177,591     |
| Net premiums written  | 190,979     | 213,657     | 191,783     | 207,942     | 237,747     |

The Association has reported a positive net income in all but one of the years under examination. The negative net income was a result of an increase in losses and underwriting expenses incurred during 2010.

### MANAGEMENT AND CONTROL

#### **Attorney-in-Fact**

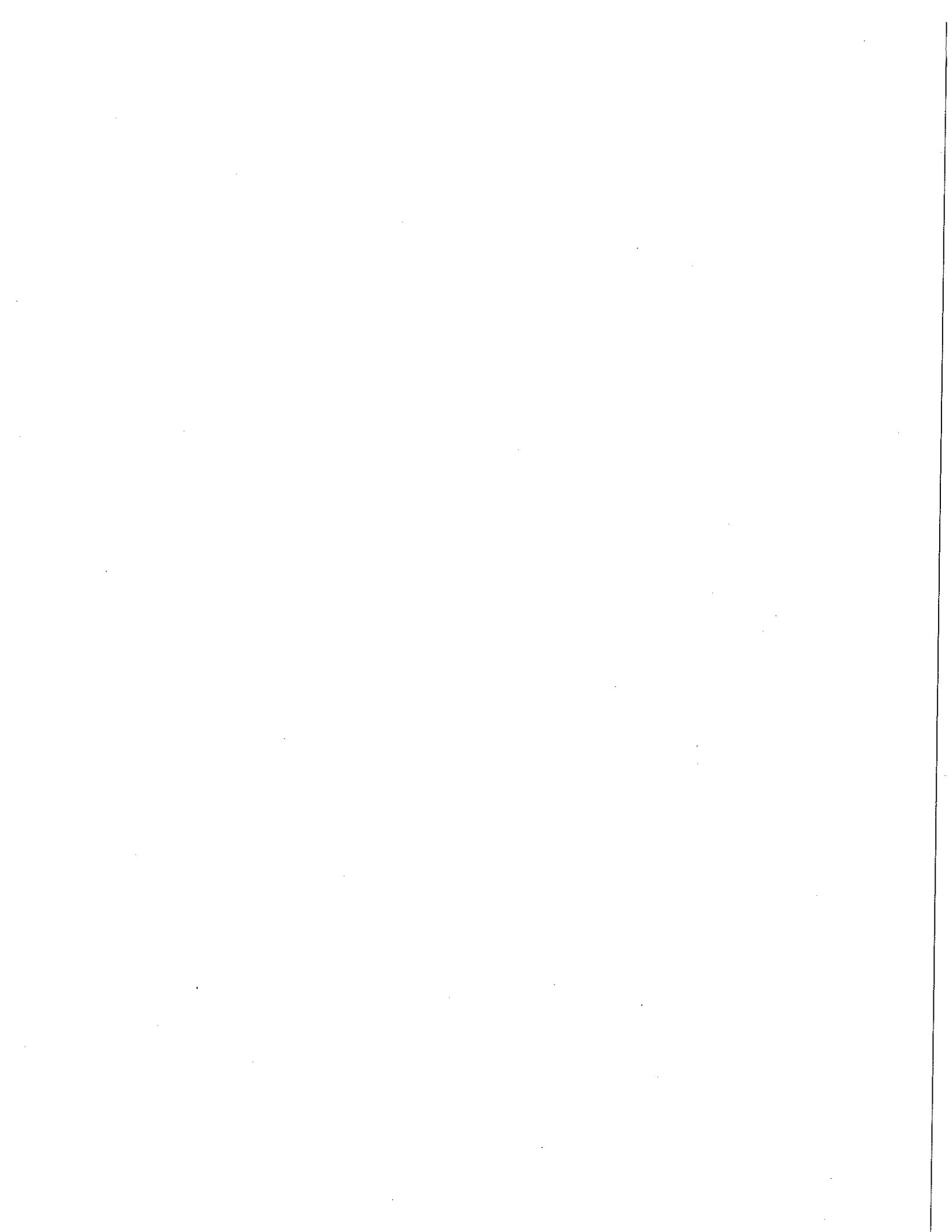
The management and control of the Association is vested in its Attorney-in-Fact, Growers Insurance Agency, Inc. (Agency), an Indiana corporation. Principal ownership of the Attorney-in-Fact resides with Charles E. Fritz (76.4%) and Jacqueline L. Zimmerman (12%). The relationship between the Association and the Agency is governed by a "Subscriber's Agreement." The Association itself has no employees; rather the Agency serves as the Administrator for the Association. The Agency is responsible for payroll and the payment of all appropriate local, state, and federal tax.

#### **Directors**

The Bylaws of the Attorney-in-Fact stipulate that the Board of Directors shall consist of five members who are elected annually by the shareholders. A Director must be a shareholder and a majority of the Directors must be citizens of the United States.

The following persons were serving as Directors as of December 31, 2011:

| <u>Name &amp; Residence</u>                  | <u>Principal Occupation</u>                               |
|--|---|
| Charles E. Fritz<br>Indianapolis, Indiana    | President and Treasurer<br>Growers Insurance Agency, Inc. |
| Frederick C. Fritz<br>Indianapolis, Indiana  | Secretary<br>Growers Insurance Agency, Inc.               |
| Christopher K. Keller<br>Carmel, Indiana     | Co-Manager<br>Marsh Supermarkets                          |
| Edward H. Kenninger<br>Indianapolis, Indiana | Engineer (retired)<br>Indianapolis Power & Light Co.      |
| Kevin A. Kent<br>Indianapolis, Indiana       | Senior Development Editor<br>John Wiley & Sons, Inc.      |



## **Officers**

Persons serving as Officers of the Attorney-in-Fact as of December 31, 2011, were:

|                     |                         |
|---------------------|-------------------------|
| Charles E. Fritz    | President and Treasurer |
| Edward H. Kenninger | Vice President          |
| Frederick C. Fritz  | Secretary               |

## **Corporate Governance**

The sole governing body of the Association rest in an advisory committee whose membership consists of the members of the Board of Directors of the Attorney-in-Fact. Its primary functions coincide with the usual functions performed by a board of directors.

### **CONFLICT OF INTEREST**

The Association has in place an established conflict of interest policy and procedures for the disclosure of any material interest or affiliation by any director, officer, or key employee, which is likely to conflict with their official duties. From a review of the officers and directors signed statements, there were no conflicts of interest reported by any of the officers or directors.

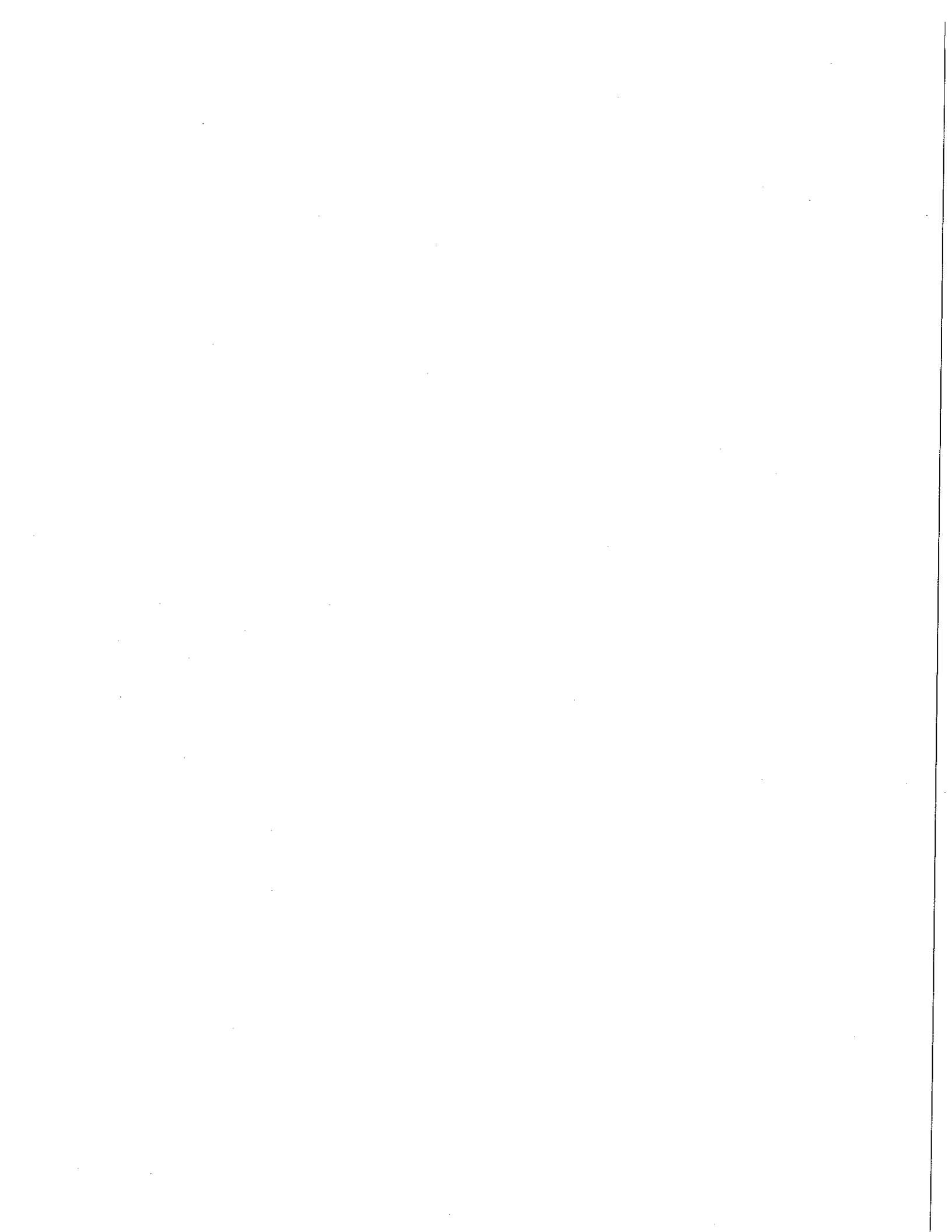
### **OATH OF OFFICE**

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. Each Director signed an "Oath of Office" statement when elected and annually thereafter.

### **CORPORATE RECORDS**

#### **Articles of Incorporation and Bylaws**

There were no amendments made to the Agency's Articles of Incorporation or Bylaws during the period under examination.





## **Minutes**

The minutes of the Board of Directors and the Stockholders (of the Attorney-in-Fact) for the period under examination were read and deemed to adequately describe the actions taken during the meetings.

The examiners noted that no annual meeting of the subscribers was held during the period covered by this examination. While Indiana law governing "inter-insurance" does not address this issue, the Examiner determined that the relationship of the subscribers to the Association equates to that of a mutual company. In addition, IC 27-1-7-9 stipulates that "every policyholder or member, in all companies other than stock companies, shall have the right to one (1) vote at every policyholders' or members meeting."

**See the "Other Significant Findings" section of this report for further explanation on this exception.**

## **AFFILIATED COMPANIES**

### **Organizational Structure**

The Association is not a member of an insurance company holding system as defined by IC 27-1-23. The management and control of the Association is vested in its Attorney-in-Fact, Growers Insurance Agency, Inc., an Indiana Corporation.

### **Agreements**

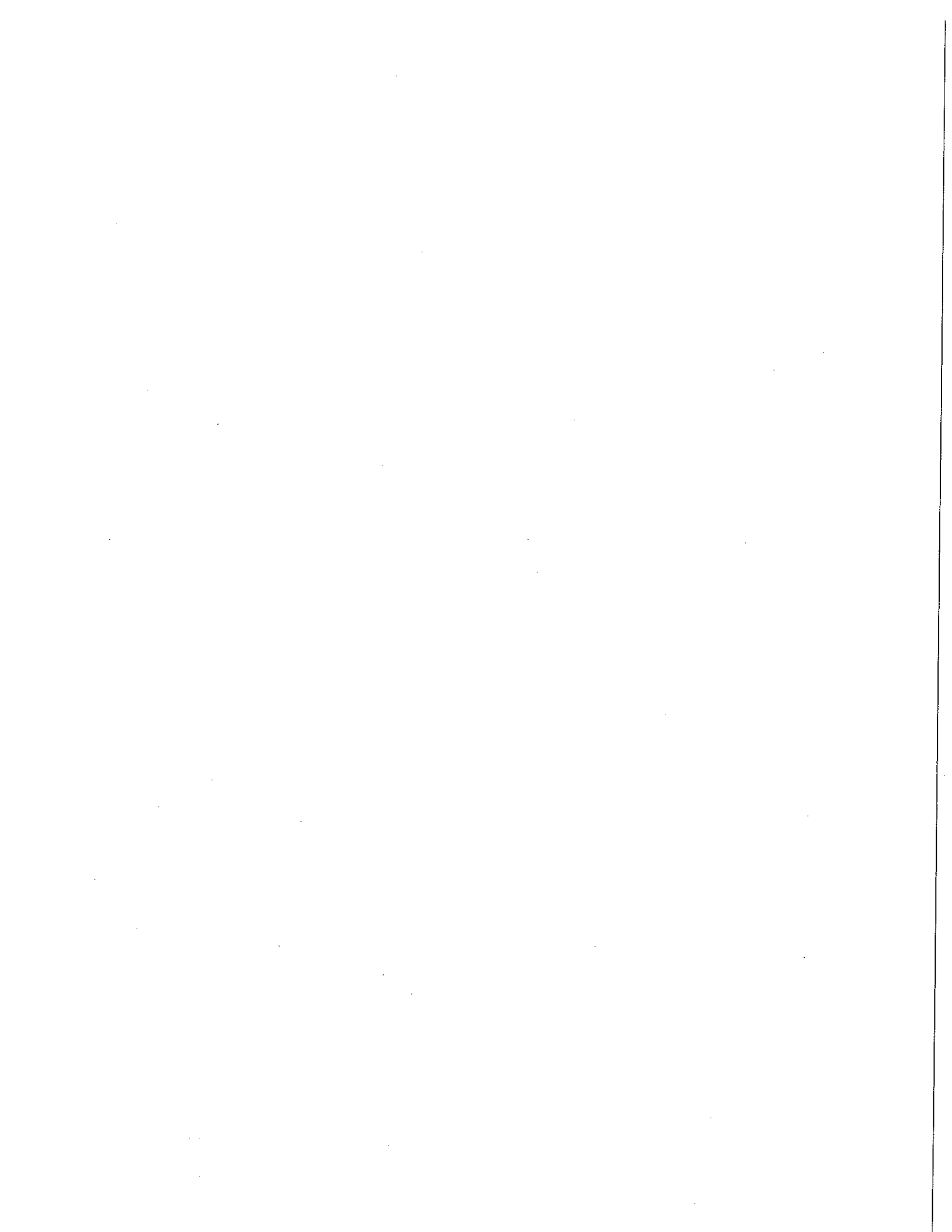
#### **Subscribers' Agreement**

The relationship between the Association and the Agency is governed by a "Subscriber's Agreement." Under its terms, the Agency receives 25% of the gross premiums for managing the Association. From its share of premiums, the Agency is obligated to pay all expenses incidental to the business of the Association with the following exceptions: losses, legal expenses, claim adjustment expenses, insurance department fees and charges, federal, state, county and municipal taxes, premiums on surety bonds, and expenses relating to the collection of subscribers' accounts.

## **FIDELITY BOND AND OTHER INSURANCE**

The Association protects itself against loss from any fraudulent or dishonest acts by its employees through a fidelity bond. The Company's fidelity insurance policy provides up to \$75,000 of coverage. The fidelity insurance policy was determined to meet the prescribed minimum coverage as specified by the NAIC.

The Association is a named insured on other customary forms of insurance in-force as of December 31, 2011, including, but not limited to, business owners policy and workers' compensation insurance. The limits on these policies appear to be satisfactory.



### **STATUTORY DEPOSITS**

In accordance with Indiana Insurance Laws, the Association maintains a statutory deposit with the state of Indiana. As of December 31, 2011, the fair value of the deposit was \$14,586.

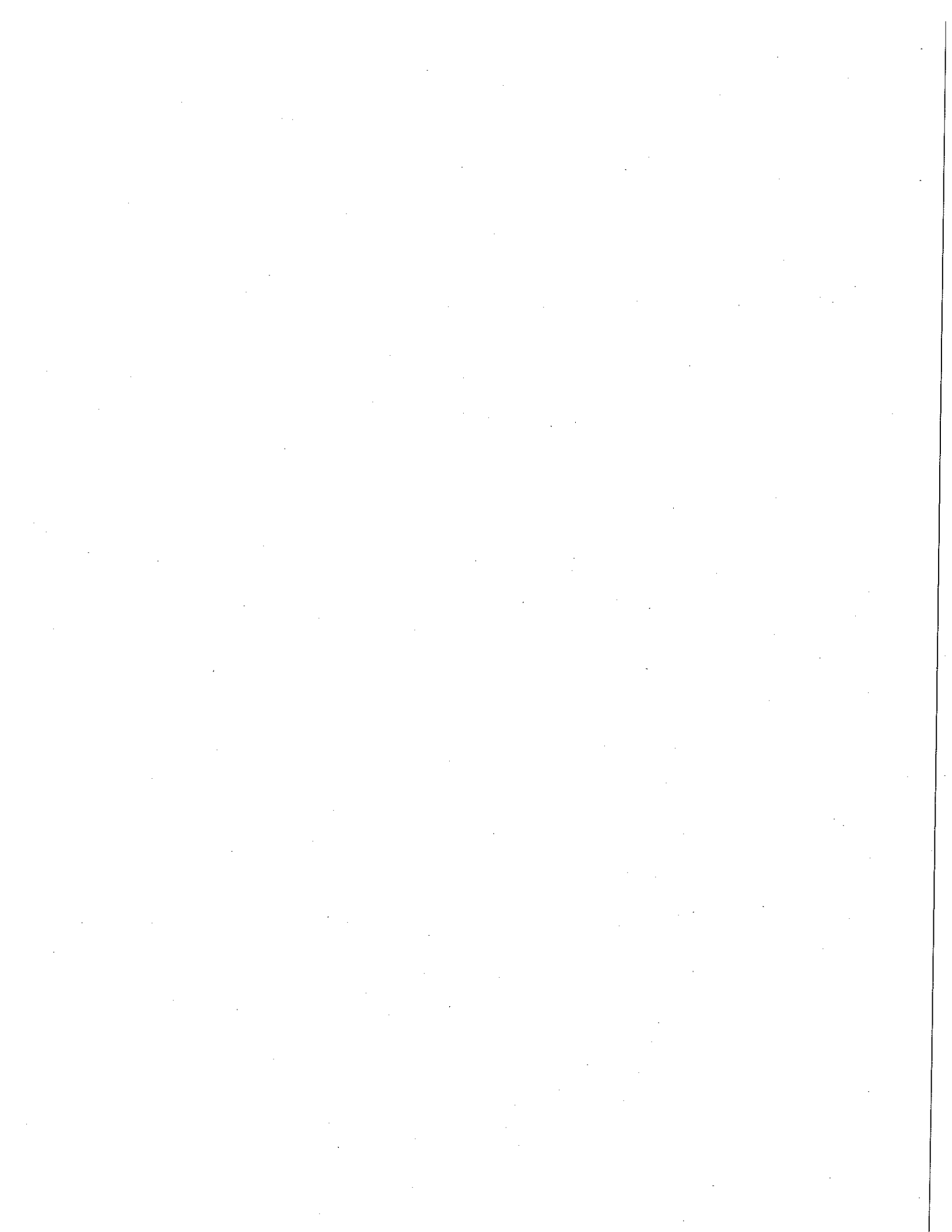
### **REINSURANCE**

The Association has not entered into any assumed or ceded reinsurance treaties. Prior to 2004, the Association had coverage through AM Reinsurance Insurance Corporation; however, upon expiration, the reinsurer elected not to renew the treaty due to low premium volume.

Indiana Code 27-6-6-5 stipulates that no reciprocal shall assume on any single fire or casualty risk, as authorized by the insurance laws of Indiana, in an amount greater than ten percent (10%) of the net worth of the reciprocal. The maximum risk insured by the Association was \$300,000. As of December 31, 2011, the Association was in compliance with this statute.

### **ACCOUNTS AND RECORDS**

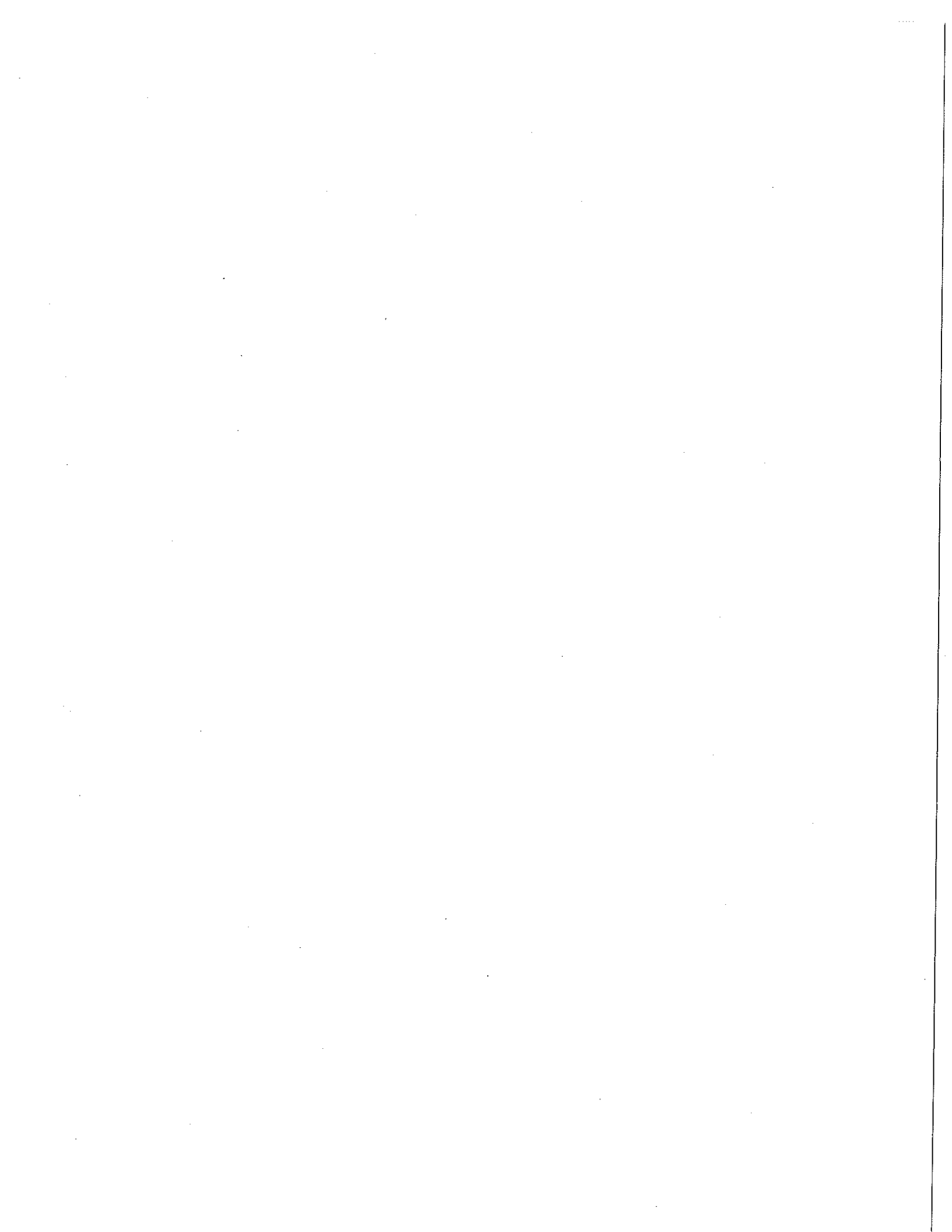
The Company's accounting procedures, practices, records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2007 to 2011, were agreed to the respective Annual Statements.



**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.

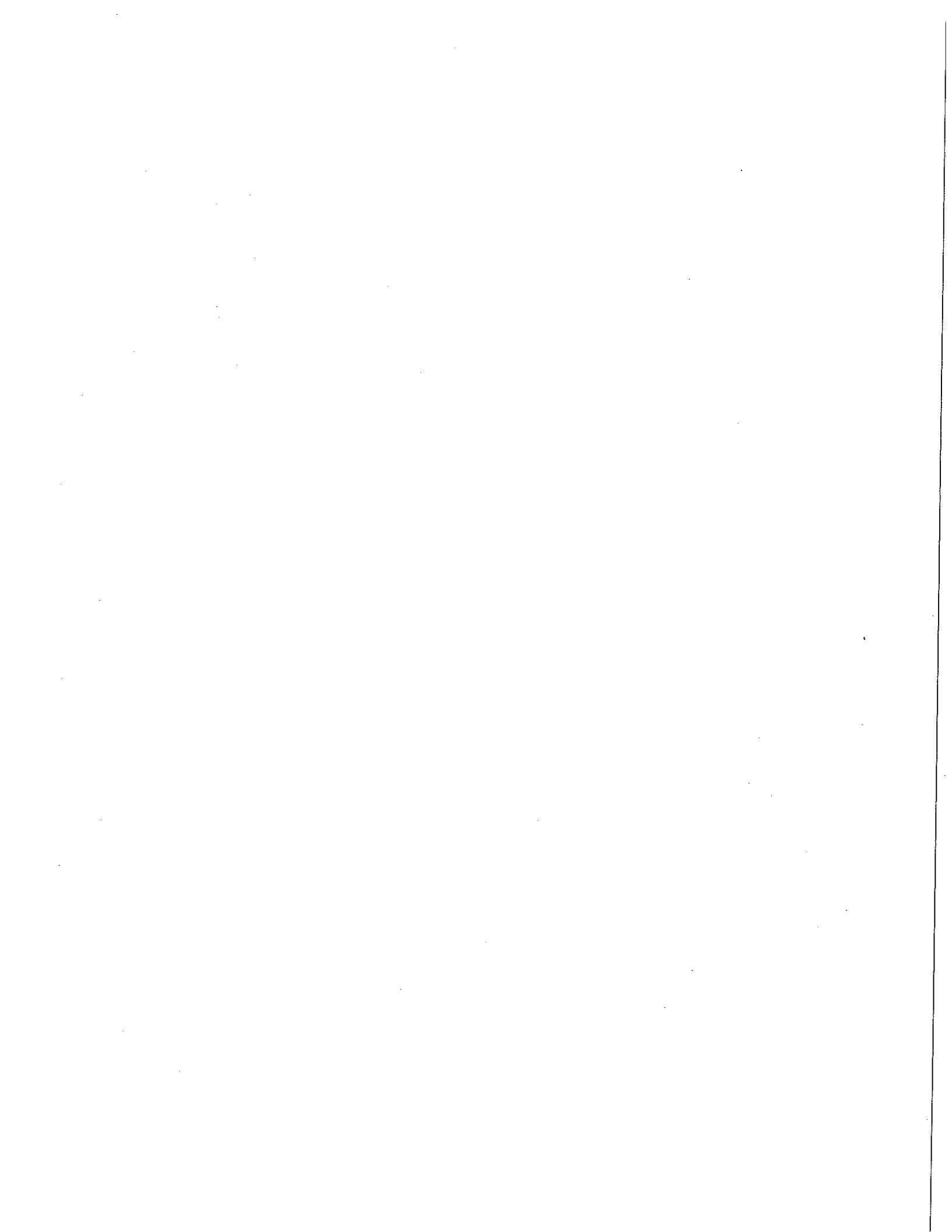


**GROWERS AUTOMOBILE INSURANCE ASSOCIATION**

**FINANCIAL STATEMENTS**

**Assets**

|  | <b>As of December 31, 2011</b> |                    |                            | <b>December 31,</b>        |
|--|--------------------------------|--------------------|----------------------------|----------------------------|
|  | <b>Per Annual</b>              | <b>Examination</b> | <b>Per</b>                 | <b>Prior Year</b>          |
|  | <b>Statement</b>               | <b>Adjustments</b> | <b>Examination</b>         |                            |
| <b>Assets:</b>                                     |                                |                    |                            |                            |
| Preferred Stocks                                   | \$ 69,140                      | \$ -               | \$ 69,140                  | \$ 93,540                  |
| Common Stocks                                      | 3,020,934                      | -                  | 3,020,934                  | 3,043,492                  |
| Cash, cash equivalents and short-term investments  | 1,233,995                      |                    | 1,233,995                  | 1,240,787                  |
| Subtotals, cash and invested assets                | <u>\$ 4,324,069</u>            | <u>\$ -</u>        | <u>\$ 4,324,069</u>        | <u>\$ 4,377,818</u>        |
| Aggregate Write-ins for other than invested assets | 48,410                         | -                  | 48,410                     | 46,372                     |
| <b>Total Assets</b>                                | <b><u>\$ 4,372,480</u></b>     | <b><u>\$ -</u></b> | <b><u>\$ 4,372,480</u></b> | <b><u>\$ 4,424,191</u></b> |



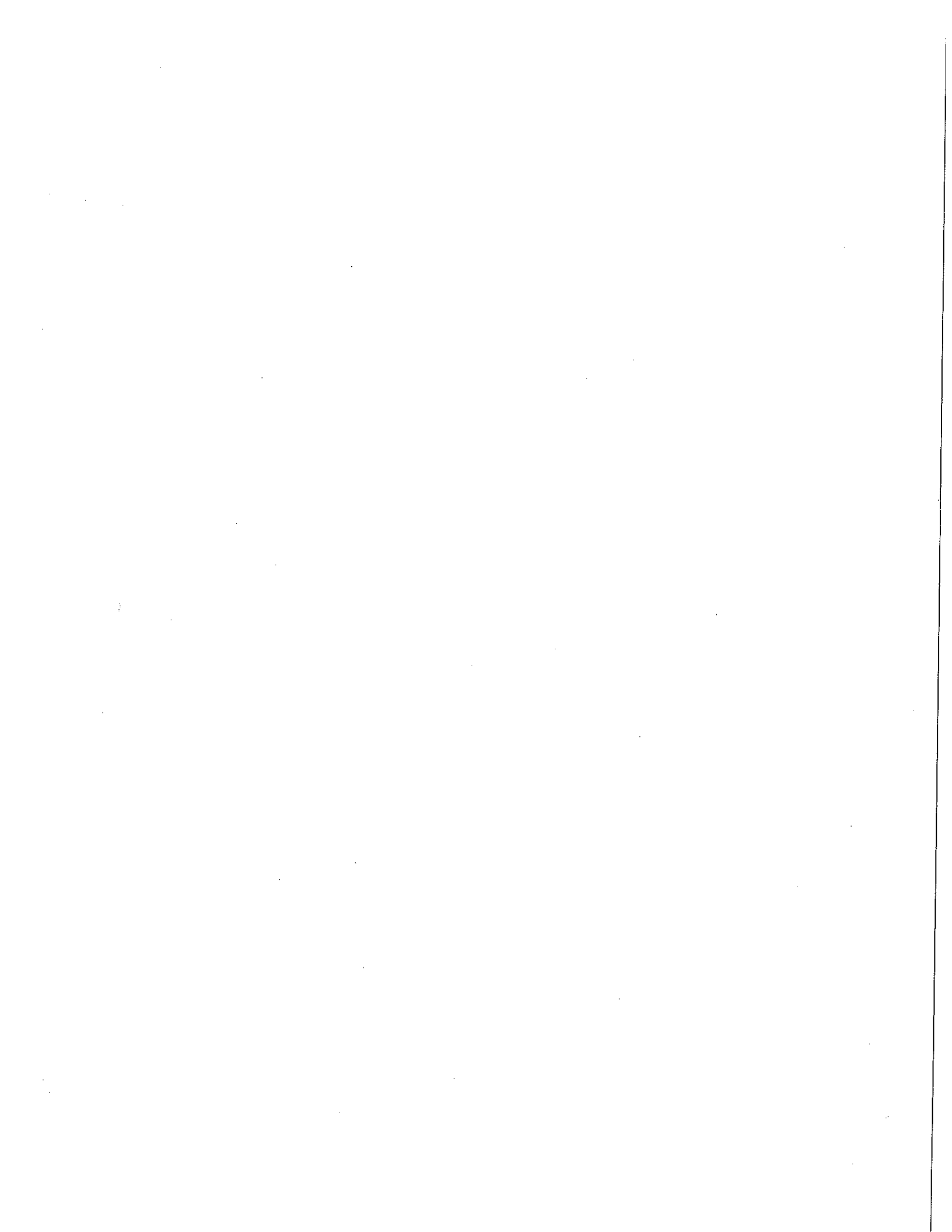


**GROWERS AUTOMOBILE INSURANCE ASSOCIATION**

**FINANCIAL STATEMENTS**

**Liabilities, Surplus and Other Funds**

|   | As of December 31, 2011 |                            |                     |                            |
|---|-------------------------|----------------------------|---------------------|----------------------------|
|   | Per Annual<br>Statement | Examination<br>Adjustments | Per<br>Examination  | December 31,<br>Prior Year |
| <b>Liabilities:</b>                           |                         |                            |                     |                            |
| Losses  | \$ 11,600               | \$ -                       | \$ 11,600           | \$ 33,400                  |
| Loss adjustment expenses                      | 4,056                   | -                          | 4,056               | 5,000                      |
| Net deferred tax liability                    | 770,814                 | -                          | 770,814             | 787,078                    |
| Unearned premiums                             | 87,608                  | -                          | 87,608              | 101,709                    |
| Aggregate write-ins for liabilities           | 528                     | -                          | 528                 | 1,133                      |
| <b>Total Liabilities</b>                      | <b>\$ 874,606</b>       | <b>\$ -</b>                | <b>\$ 874,606</b>   | <b>\$ 928,320</b>          |
| Aggregate write-ins for special surplus funds | \$ 25,000               | \$ -                       | \$ 25,000           | \$ 25,000                  |
| Unassigned funds (surplus)                    | 3,472,874               | -                          | 3,472,874           | 3,470,871                  |
| <b>Total capital and surplus</b>              | <b>\$ 3,497,874</b>     | <b>\$ -</b>                | <b>\$ 3,497,874</b> | <b>\$ 3,495,871</b>        |
| <b>Total liabilities, capital and surplus</b> | <b>\$ 4,372,480</b>     | <b>\$ -</b>                | <b>\$ 4,372,480</b> | <b>\$ 4,424,191</b>        |

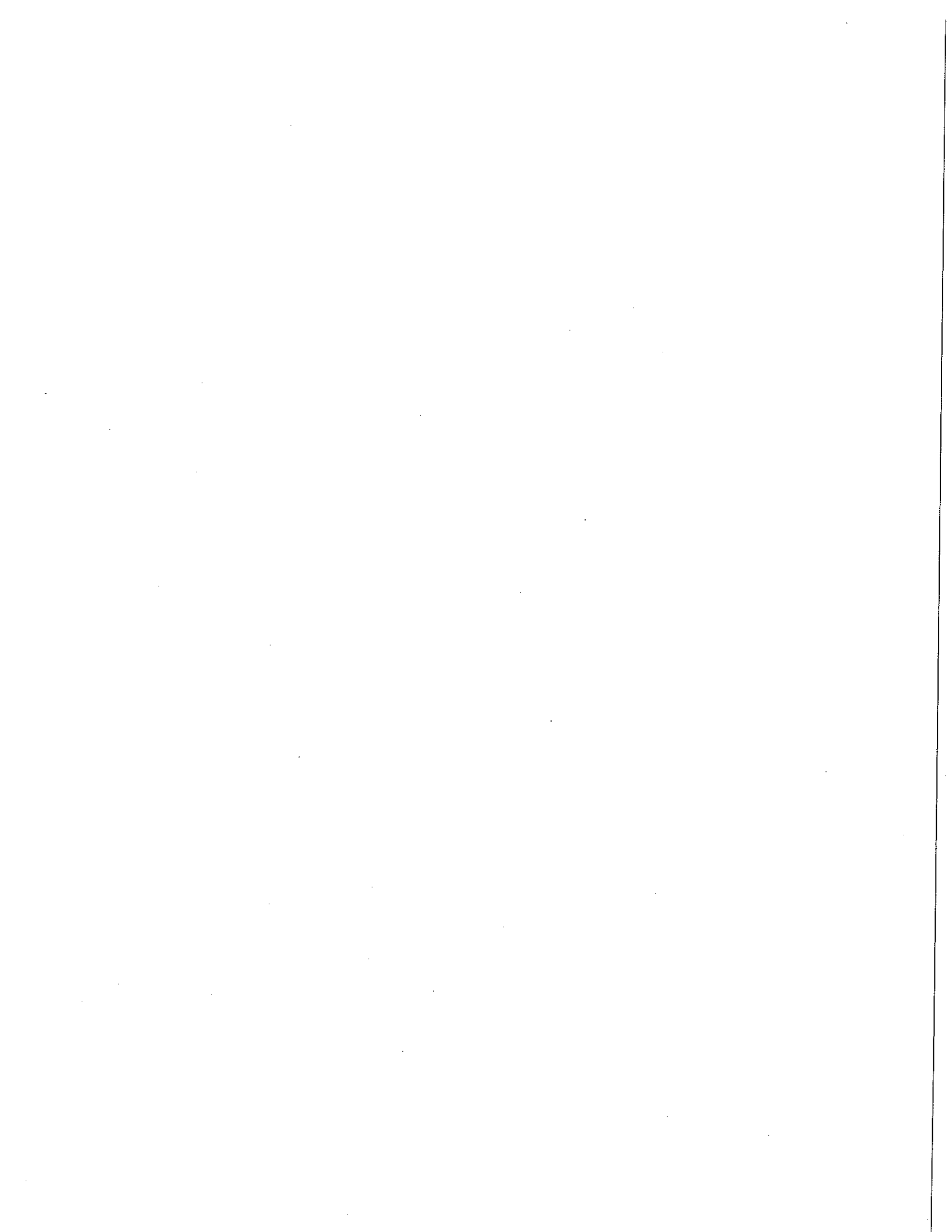


**GROWERS AUTOMOBILE INSURANCE ASSOCIATION**

**FINANCIAL STATEMENTS**

**Statement of Income**

|  | <u>As of December 31, 2011</u>  |                             |                            |                                    |
|--|---------------------------------|-----------------------------|----------------------------|------------------------------------|
|  | <u>Per Annual<br/>Statement</u> | <u>Exam<br/>Adjustments</u> | <u>Per<br/>Examination</u> | <u>December 31,<br/>Prior Year</u> |
| Premiums earned  | \$ 205,080                      | \$ -                        | \$ 205,080                 | \$ 209,823                         |
| Deductions   |                                 |                             |                            |                                    |
| Losses incurred  | 113,716                         | -                           | 113,716                    | 124,585                            |
| Loss expense incurred  | 69,489                          | -                           | 69,489                     | 70,533                             |
| Other underwriting expenses incurred   | 113,715                         |                             | 113,715                    | 123,354                            |
| Total underwriting deductions  | \$ 296,921                      | \$ -                        | \$ 296,921                 | \$ 318,471                         |
| <b>Net underwriting gain</b>   | <b>\$ (91,841)</b>              | <b>\$ -</b>                 | <b>\$ (91,841)</b>         | <b>\$ (108,648)</b>                |
|  |                                 |                             |                            |                                    |
| Net investment income earned   | \$ 111,162                      | \$ -                        | \$ 111,162                 | \$ 92,516                          |
| <b>Net investment gain</b>   | <b>\$ 111,162</b>               | <b>\$ -</b>                 | <b>\$ 111,162</b>          | <b>\$ 92,516</b>                   |
|  |                                 |                             |                            |                                    |
| Aggregate Write-ins for Miscellaneous Income   | \$ 29,575                       | \$ -                        | \$ 29,575                  | \$ 9,046                           |
| <b>Total Other Income</b>  | <b>\$ 29,575</b>                | <b>\$ -</b>                 | <b>\$ 29,575</b>           | <b>\$ 9,046</b>                    |
|  |                                 |                             |                            |                                    |
| Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes        | \$ 48,896                       |                             | \$ 48,896                  | \$ (7,086)                         |
|  |                                 |                             |                            |                                    |
| Net income (loss), after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | \$ 48,896                       |                             | \$ 48,896                  | \$ (7,086)                         |
| <b>Net Income</b>  | <b>\$ 48,896</b>                | <b>\$ -</b>                 | <b>\$ 48,896</b>           | <b>\$ (7,086)</b>                  |



**GROWERS AUTOMOBILE INSURANCE ASSOCIATION**

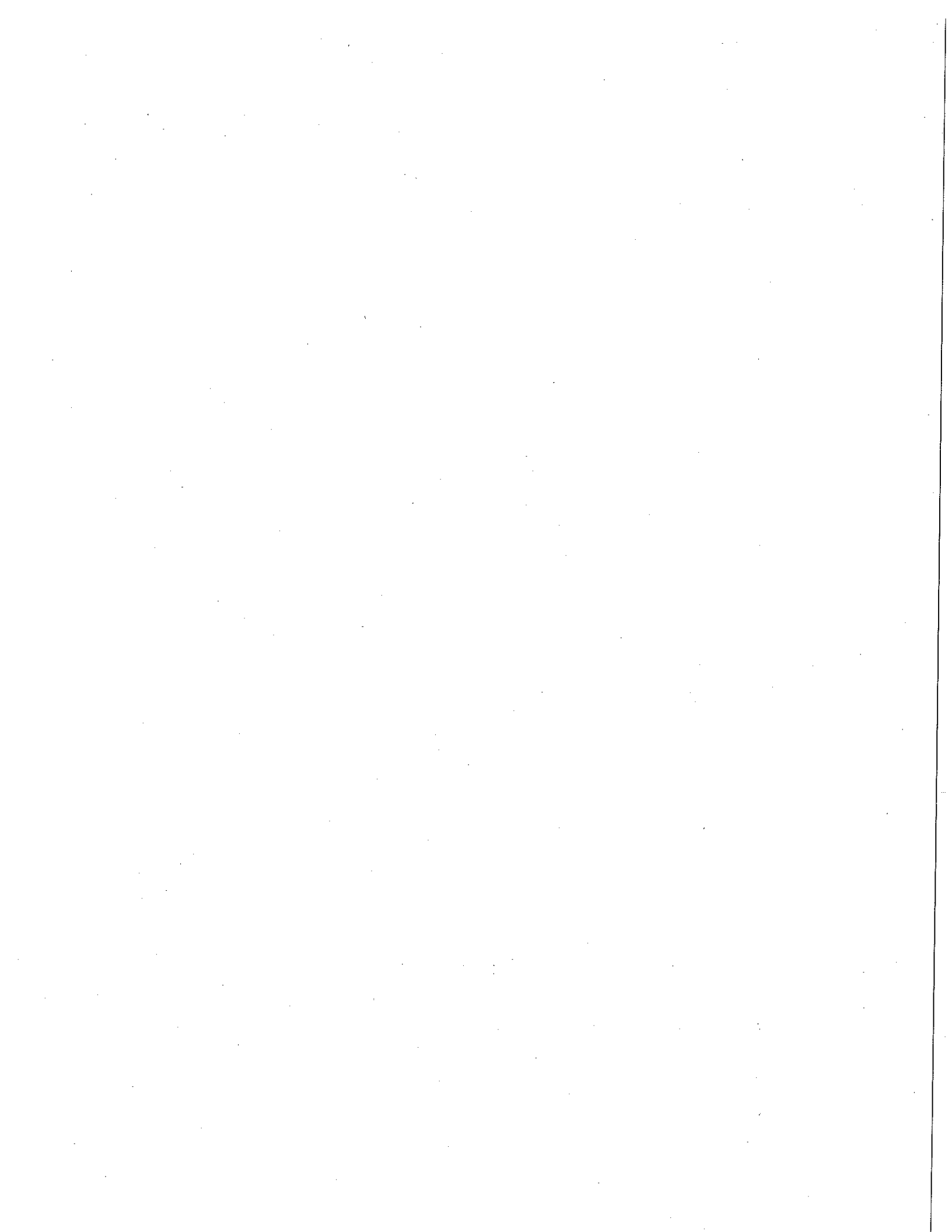
**FINANCIAL STATEMENTS**

**Capital and Surplus Account**

|   | As of December 31, 2011         |                                    |                            |                                    |
|---|---------------------------------|------------------------------------|----------------------------|------------------------------------|
|   | <u>Per Annual<br/>Statement</u> | <u>Examination<br/>Adjustments</u> | <u>Per<br/>Examination</u> | <u>December 31,<br/>Prior Year</u> |
| <b>Capital and Surplus Account:</b>                               |                                 |                                    |                            |                                    |
| Surplus as regards policyholders, December 31 prior year          | \$ 3,495,871                    | \$ -                               | \$ 3,495,871               | \$ 3,267,266                       |
| Net income  | \$ 48,896                       | \$ -                               | \$ 48,896                  | \$ (7,086)                         |
| Change in unrealized capital gains                                | (46,957)                        | -                                  | (46,957)                   | 235,691                            |
| <b>Change in surplus as regards policyholders for the year</b>    | <b>\$ 1,939</b>                 | <b>\$ -</b>                        | <b>\$ 1,939</b>            | <b>\$ 228,605</b>                  |
| <b>Surplus as regards policyholders, December 31 current year</b> | <b>\$ 3,497,810</b>             | <b>\$ -</b>                        | <b>\$ 3,497,810</b>        | <b>\$ 3,495,871</b>                |

(a)

(a) The balance of Surplus as regards policyholders as reported in the Capital and Surplus Account is \$64 less than the balance as reported on page 3 of the Annual Statement and page 10 of the Report of Examination. The immaterial difference has not been reconciled by the Association.



## COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2011, based on the results of this examination.

### OTHER SIGNIFICANT FINDINGS

#### **Annual Policyholder/Members' Meeting**

In accordance with IC-27-1-7-7(b), an annual meeting of 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. Further, IC-27-1-7-9 stipulates that "every policyholder or member, in all companies other than stock companies, shall have the right to one (1) vote at every policyholders' or members meeting." It was noted that no members' meetings are being held. This same finding was identified during the prior examination.

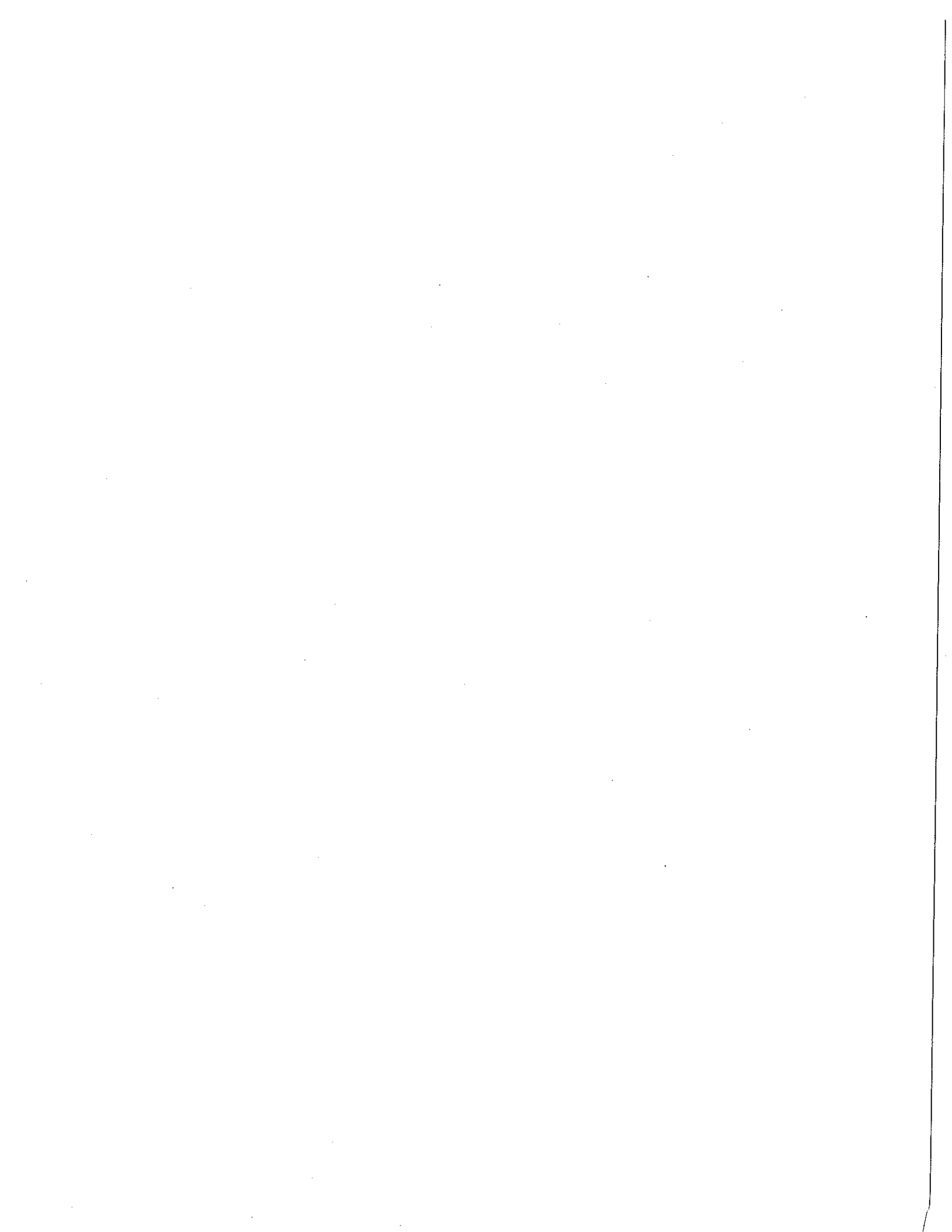
**It is recommended that the Association hold an Annual Policyholders/Members' meeting within five months of the previous fiscal close in accordance with IC-27-1-7-7 (b). Further, it is recommended that every policyholder/member be given the opportunity to one (1) vote at every policyholders'/ members' meeting.**

### SUBSEQUENT EVENTS

There were no events subsequent to the examination date that significantly affected the finances or operations of the Association.

### 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 Association 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 **Growers Automobile Insurance Association** as of **December 31, 2011**.

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 2011 NAIC *Financial Condition Examiner's 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 **Growers Automobile Insurance Association** as of **December 31, 2011**, as determined by the undersigned.



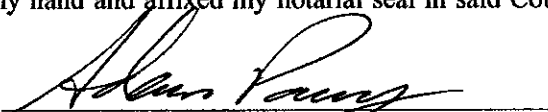
**David Daulton, CFE**  
**The Thomas Consulting Group, Inc.**

State of: Utah  
County of: Salt Lake

On this 26<sup>th</sup> day of April, 2013, 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 6 DEC 2013

  
Notary Public