

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

IN THE MATTER OF: )  
 )  
**Saint Joseph Mutual Home Insurance Company** )  
**12954 E. 1550 N.** )  
**St. Meinrad, Indiana 47577** )

Examination of: **Saint Joseph Mutual Home Insurance Company**


**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 Saint Joseph Mutual Home Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on November 18, 2021, 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 Saint Joseph Mutual Home 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.

December 22, 2021  
Date

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

**CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6376**

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### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Saint Joseph Mutual Home Insurance Company (hereinafter “Company”) for the time period January 1, 2015 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 26, 2021.

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 November 18, 2021 and was received by the Company on November 22, 21.

The Company did not file any objections.

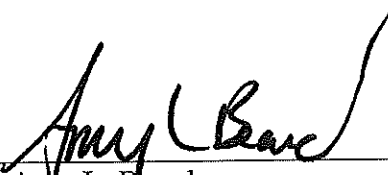
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Saint Joseph Mutual Home Insurance Company as of December 31, 2019.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Saint Joseph Mutual Home 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 22 day of  
December, 2021.

  
\_\_\_\_\_  
Amy L. Beard  
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).

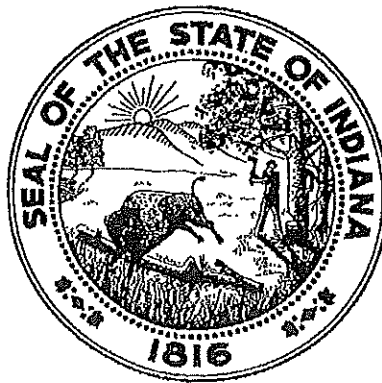
If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the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

**SAINT JOSEPH'S MUTUAL HOME INSURANCE COMPANY**  
NAIC Co. CODE 92327

As of  
December 31, 2019



**TABLE OF CONTENTS**

SALUTATION.....	1
SCOPE OF EXAMINATION.....	3
HISTORY.....	3
SURPLUS.....	3
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	4
MANAGEMENT AND CONTROL.....	4
Directors.....	4
Officers.....	4
CONFLICT OF INTEREST.....	5
OATH OF OFFICE.....	5
CORPORATE RECORDS.....	5
Articles of Association.....	5
Bylaws.....	5
Minutes.....	5
AFFILIATED COMPANIES.....	5
FIDELITY BOND AND OTHER INSURANCE.....	5
STATUTORY DEPOSITS.....	6
REINSURANCE.....	6
ACCOUNTS AND RECORDS.....	6
FINANCIAL STATEMENTS.....	7
COMMENTS ON THE FINANCIAL STATEMENTS.....	9
OTHER SIGNIFICANT ISSUES.....	9
SUBSEQUENT EVENTS.....	9
AFFIDAVIT.....	10



# 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: 317-232-5251  
Website: [in.gov/idoi](http://in.gov/idoi)

May 26, 2021

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 4071, an examination has been made of the affairs and financial condition of:

**Saint Joseph's Mutual Home Insurance Company**  
12954 E. 1550 N.  
St. Meinrad, Indiana 47577

Saint Joseph's Mutual Home Insurance Company (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, 2019, 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 317-232-2402    COMPANY RECORDS 317-232-5692    STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

## SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined Saint Joseph's Mutual Home Insurance Company for the period ending December 31, 2014. Ingardus, LLC conducted the present risk-focused examination for the period from January 1, 2015 through December 31, 2019. 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 1870 and incorporated as Voluntary Association in 1914 under the 1895 Act. The Company elected to operate under Chapter 145, Acts 1919, which was repealed by Acts 1972, P.L. 129-2003 and restated as Indiana Code (IC) 27-5.1, which applies to farm mutual insurance companies.

The purpose of the Company, as stipulated within its Articles of Association, is to insure its members against loss from hazards permitted to be insured against under the farm mutual laws and to distribute, on the mutual insurance plan, such losses as may occur.

## SURPLUS

As of December 31, 2019, the Company had surplus, as adjusted by this examination, of \$1,745,542 and 1,297 policyholders, who are the owners of the Company.

## TERRITORY AND PLAN OF OPERATION

The Company provides rural farm coverage. The Company conducts business in all ninety-two (92) Indiana counties.



## GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus
2019 <sup>A</sup>	\$ 2,009,774	\$ 264,232	\$ 1,745,542
2018	1,962,005	259,265	1,702,740
2017	1,894,886	238,566	1,656,320
2016	1,773,271	233,698	1,539,573
2015	1,776,366	306,958	1,469,408

## MANAGEMENT AND CONTROL

### Directors

The business of the Company is managed by a Board of Directors (Board) that includes seven (7) directors. Each director serves for a term of three (3) years. Directors are elected at the annual meeting of the Company's members. The following is a listing of persons serving as directors as of December 31, 2019:

Name	City
Maryetta Boehm	St. Meinrad, Indiana
Leon Dilger	Dale, Indiana
David Sitzman	Bristow, Indiana
Randal Sitzman	St. Meinrad, Indiana
Thomas Vaal	St. Meinrad, Indiana
Carol Waninger	Santa Claus, Indiana
Gary Waninger	St. Meinrad, Indiana

### Officers

The officers of this Company are a President, one or more Vice Presidents, a Treasurer, and a Secretary. The following is a listing of the persons serving as officers of the Company as of December 31, 2019:

Name	Office
Gary Waninger	President
Leon Dilger	Vice President
Thomas Vaal	Treasurer
Maryetta Boehm	Secretary

<sup>A</sup> 2019 assets and surplus have 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, 2019.

## 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, 2019.

## CORPORATE RECORDS

### Articles of Association

There were no amendments made to the Articles of Association 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 wholly owns St. Joseph's Insurance Agency, Inc. (Agency) to collect various commissions. The Agency has minimal activity. For this Report of Examination, the Agency's equity is considered part of the Company's assets.

## 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 CNA Surety. The bond has a policy aggregate limit of liability of \$40,000. 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, 2019, including but not limited to directors and officers liability and professional liability.

## STATUTORY DEPOSITS

As a farm mutual insurer, the Company is not required to maintain a statutory deposit with the state of Indiana.

## REINSURANCE

During the examination period, the Company purchased reinsurance from Guy Carpenter & Co., LLC, a reinsurance intermediary, as follows:

- *Property Facultative Pro Rata Reinsurance Contract*— The Company is limited to a maximum cession of \$40,000 on any one loss and \$80,000 for any one loss occurrence, subject to a minimum net retention of \$20,000.
- *Combined Excess of Loss Reinsurance Contract*—
  - *Aggregate Excess of Loss* — The reinsurer is liable in the aggregate with respect to losses occurring during the term of this contract for 100% of the ultimate net loss over and above an initial ultimate loss equal to 77.5% of gross net written premium income; subject to a limit of liability to the reinsurer of 672.5% of gross net written premium income.
  - *Underlying Excess of Loss* — The reinsurer is liable in respect of each loss, each risk, for the ultimate net loss over and above an initial ultimate net loss of \$20,000 each loss, each risk, subject to a limit of liability to the reinsurer of \$40,000 each loss, each risk.

## 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, 2018 and 2019, were agreed to the respective Annual Statements.

SAINT JOSEPH'S MUTUAL HOME INSURANCE COMPANY  
Assets, Liabilities and Surplus  
As of December 31, 2019

	Per Annual Statement	Examination Adjustments*	Per Examination
<b>ASSETS</b>			
Bonds	\$ -	\$ 3,307	\$ 3,307
Stocks	405,289	(51,782)	353,507
Bank balances:			
Subject to check	253,597	-	253,597
On interest	167,038	3,382	170,420
Unpaid premiums	65,595	-	65,595
Cash surrender value of life insurance	1,195,929	(46,943)	1,148,986
NAMIC	9,514	-	9,514
Agency	4,848	-	4,848
Total Assets	<u>\$ 2,101,810</u>	<u>\$ (92,036)</u>	<u>\$ 2,009,774</u>
<b>LIABILITIES AND SURPLUS</b>			
Liabilities			
Premiums collected for other companies - not remitted	\$ 5,790	\$ -	\$ 5,790
Unearned premium reserve	225,819	-	225,819
Unrealized gain on NAMIC	430	-	430
Reinsurance payable	32,193	-	32,193
Total Liabilities	<u>264,232</u>	<u>-</u>	<u>264,232</u>
Surplus	1,837,578	(92,036)	1,745,542
Total Liabilities and Surplus	<u>\$ 2,101,810</u>	<u>\$ (92,036)</u>	<u>\$ 2,009,774</u>

\* The Company overstated assets and surplus by \$92,036. See the Comments on the Financial Statements section of this Report of Examination.

SAINT JOSEPH'S MUTUAL HOME INSURANCE COMPANY  
Income Statement and Change in Surplus  
For the year ended December 31, 2019

	Per Annual Statement	Examination Adjustments**	Per Examination
<b>INCOME</b>			
Net premiums:			
Direct premiums written	\$ 504,891	\$ -	\$ 504,891
Less: Reinsurance premiums ceded	(183,853)	-	(183,853)
Total net premiums	321,038	-	321,038
Income from investments	14,441	-	14,441
Other income	104,942	-	104,942
Total income	440,421	-	440,421
<b>DISBURSEMENTS</b>			
Net losses paid:			
Direct losses	187,200	-	187,200
Less: Reinsurance recovered	(50,413)	-	(50,413)
Net losses paid	136,787	-	136,787
Operating expenses	232,496	-	232,496
Total disbursements	369,283	-	369,283
<b>CHANGE IN SURPLUS</b>			
Net income	71,138	-	71,138
Change in accrued assets and liabilities	63,700	(92,036)	(28,336)
Surplus, beginning of period	1,702,740	-	1,702,740
Surplus, end of period	\$ 1,837,578	\$ (92,036)	\$ 1,745,542

\*\* The Company overstated surplus by \$92,036. See the Comments on the Financial Statements section of this Report of Examination.

### COMMENTS ON THE FINANCIAL STATEMENTS

The Company misstated its assets and surplus for the year ended December 31, 2019. The misstatements related to the valuation of cash value of life insurance assets, valuation of stocks assets, and categorization of other assets such as bonds and money market assets. A net adjustment of \$92,036 was made to total assets and surplus, respectively, to correct the errors in this Report of Examination.

### OTHER SIGNIFICANT ISSUES

The Company's fidelity bond as of December 31, 2019 was \$40,000. The NAIC suggested minimum amount of fidelity insurance for the Company calculates to between \$50,000 and \$75,000. 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 becomes compliant with the recommended fidelity bond coverage.

### 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.

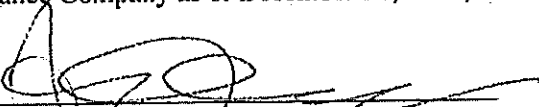
**AFFIDAVIT**

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 Saint Joseph's Mutual Home Insurance Company, as of December 31, 2019.

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

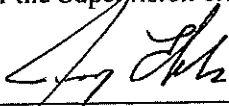
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance 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 Saint Joseph's Mutual Home Insurance Company as of December 31, 2019, 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 21<sup>st</sup> day of December, 2021, 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

