

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

IN THE MATTER OF: )  
 )  
St. Celestine Mutual Fire Insurance Company )  
1510 South Santine Road )  
St. Anthony, IN 47575 )

Examination of St. Celestine Mutual Fire 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 St. Celestine Mutual Fire Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on February 26, 2016, 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 St. Celestine Mutual Fire 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.

Date

3/24/2016

  
Cynthia D. Donovan  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 91 7190 0005 2720 0057 0410**

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

IN THE MATTER OF: )  
 )  
St. Celestine Mutual Fire Insurance Company )  
1510 South Santine Road )  
St. Anthony, IN 47575 )

Examination of St. Celestine Mutual Fire Insurance Company

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the St. Celestine Mutual Fire Insurance Company (hereinafter "Company") for the time period January 1, 2010 through December 31, 2014.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on January 14, 2016.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on February 26, 2016 and was received by the Company on March 2, 2016.

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 St. Celestine Mutual Fire Insurance Company as of December 31, 2014.
2. That the Examiner's Recommendations are reasonable and necessary in order for the St. Celestine Mutual Fire 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 and Sealed this 24<sup>th</sup> day of  
March, 2016.

  
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.

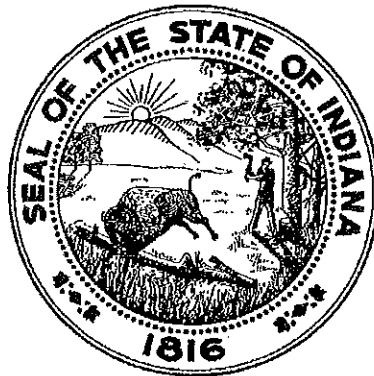
A handwritten signature in black ink, appearing to read "Robert A. [unclear]". The signature is written in a cursive style and is located in the lower-left quadrant of the page.

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

**ST. CELESTINE MUTUAL FIRE INSURANCE COMPANY**  
NAIC Co. Code 92326

As of

December 31, 2014



**TABLE OF CONTENTS**

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	2
TERRITORY AND PLAN OF OPERATION.....	2
GROWTH OF THE COMPANY.....	3
MANAGEMENT AND CONTROL.....	3
Directors.....	3
Officers.....	3
CONFLICT OF INTEREST.....	4
OATH OF OFFICE.....	4
CORPORATE RECORDS.....	4
Articles of Incorporation.....	4
Bylaws.....	4
Minutes.....	4
AFFILIATED COMPANIES.....	4
FIDELITY BOND AND OTHER INSURANCE.....	4
STATUTORY DEPOSITS.....	4
REINSURANCE.....	5
ACCOUNTS AND RECORDS.....	5
FINANCIAL STATEMENTS.....	6
Assets, Liabilities and Surplus.....	6
Income Statement and Change in Surplus.....	7
COMMENTS ON THE FINANCIAL STATEMENTS.....	8
OTHER SIGNIFICANT ISSUES.....	8
SUBSEQUENT EVENTS.....	8
AFFIDAVIT.....	9



# STATE OF INDIANA

# IDOI

MICHAEL R. PENCE, Governor

**Indiana Department of Insurance**

311 W. Washington Street, Suite 103

Indianapolis, Indiana 46204-2787

Telephone: (317) 232-2385

Fax: (317) 232-5251

Stephen W. Robertson, Commissioner

January 14, 2016

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 3882, an examination has been made of the affairs and financial condition of:

**St. Celestine Mutual Fire Insurance Company**  
**1510 South Santine Road**  
**St. Anthony, Indiana 47575**

hereinafter referred to as the "Company", an Indiana domiciled, farm mutual insurance company. The examination was conducted at the offices of the Company in St. Anthony, 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, 2014, 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  
1-800-622-4461

EXAMINATIONS/FINANCIAL SERVICES  
(317) 232-2390

MEDICAL MALPRACTICE  
(317) 232-2402

SECURITIES/COMPANY RECORDS  
(317) 232-1991

STATE HEALTH INSURANCE PI  
1-800-332-4674

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance as of the period ending December 31, 2009. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2010 through December 31, 2014, 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 on May 9, 1868, and elected to come under Chapter 145, Acts 1919, on August 31, 1934, which was repealed by Acts 1927, P.L. 129-2003 and restated as Indiana Code (IC) 27-5.1 as pertains to farm mutual insurance companies.

The purpose of the Company is 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.

## CAPITAL AND SURPLUS

As of December 31, 2014, the Company had surplus of \$952,670 and 227 policyholders, who are the owners of the Company.

## TERRITORY AND PLAN OF OPERATION

The Company provides churches, farm buildings, farm equipment, garages, grain, homes, livestock, restaurants, sawmills, seed, and vehicles coverage. The Company conducts business in the Indiana counties of Allen, Crawford, Daviess, Dubois, Gibson, Knox, Lawrence, Martin, Orange, Perry, Pike, and Warrick.



**GROWTH OF THE COMPANY**

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

Year	Admitted		Surplus
	Assets	Liabilities	
2014	\$ 954,201	\$ 1,531	\$ 952,670
2013	919,558	1,111	918,447
2012	880,746	934	879,812
2011	842,208	959	841,249
2010	834,343	847	833,496

**MANAGEMENT AND CONTROL**

Directors

The corporate powers of the Company shall be vested in a Board of Directors (Board) not to exceed ten (10) members, each elected by a majority vote at the annual meeting for terms of two (2) years. The following is a listing of persons serving as directors as of December 31, 2014:

Name	Address
Earl Hasenour	Celestine, Indiana
Robert Hasenour	Jasper, Indiana
Jarrett Paulin	St. Anthony, Indiana
Edward Reckelhoff	St. Anthony, Indiana
Jeff Sander	Jasper, Indiana
Linus Senninger	Jasper, Indiana

Officers

Officers of the Company shall consist of a President, a Vice President, Secretary, and a Treasurer. At each annual meeting held on odd-numbered years, the membership shall elect the President, Secretary, and Treasurer. At each annual meeting held on even-numbered years, the membership shall elect the Vice President. The following is a list of key officers and their respective titles as of December 31, 2014.

Name <sup>A</sup>	Office
Jeff Sander	President
Edward Reckelhoff	Secretary and Treasurer

<sup>A</sup> The Company has not elected a Vice President since 2009 when Arthur Schnell retired from the Vice President position and therefore the Company is not in compliance with its Bylaws. See the **Other Significant Issues** 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, 2014.

### **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 have subscribed to an oath as of December 31, 2014.

### **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 does not have any 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 coverage limit of \$100,000, with a \$1,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

Additionally, the Company has directors and officers liability and professional liability coverage in-force as of December 31, 2014.

### **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 Grinnell Mutual Reinsurance Company (Grinnell) as follows:

- *Individual Occurrence of Loss Excess* – The Company's retention was \$37,500 for 2014 and the coverage limit was 100% above the retention subject to limitations.
- *Aggregate Excess* – The Company's retention was \$58,834 for 2014 and the coverage limit was 100% of unlimited losses above retention.
- *Facultative* – Rates shall be determined by Grinnell on an individual basis. The Company agrees to provide Grinnell with all necessary information about the risk. Grinnell shall determine which risks are acceptable for facultative reinsurance.
- *Pollution Clean Up and Removal* – The Company shall cede 100% of the liability it assumes on coverage insured by the Pollution Clean Up and Removal Coverage Endorsement.

## 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, 2013 and 2014, were agreed to the respective Annual Statements.

ST. CELESTINE MUTUAL FIRE INSURANCE COMPANY  
 Assets, Liabilities and Surplus  
 As of December 31, 2014

	Per Annual Statement
Stocks	\$ 468,194
Bank Balances	
Subject to check	111,666
On interest	374,341
Totals	\$ 954,201
Taxes payable	\$ 1,531
Total liabilities	1,531
Surplus	952,670
Total liabilities and surplus	\$ 954,201

ST. CELESTINE MUTUAL FIRE INSURANCE COMPANY  
Income Statement and Change in Surplus  
For the Year Ended December 31, 2014

	<u>Per Annual Statement</u>
INCOME	
Direct premiums written	\$ 93,948
Less: Reinsurance premiums ceded	<u>(53,948)</u>
Total net premiums	40,000
Income from investments	32,981
Other income	588
Total income	<u>\$ 73,569</u>
DISBURSEMENTS	
Direct losses	\$ 13,206
Operating expenses	<u>21,978</u>
Total disbursements	35,184
Net income	38,385
Change in accrued assets and liabilities <sup>A</sup>	(3,742)
Unrealized gain	(420)
Surplus, beginning of period	<u>918,447</u>
Surplus, end of period	<u>\$ 952,670</u>

<sup>A</sup> The Company reports some income statement items on a cash basis. In order to properly reconcile the change in surplus, the change in accrued assets and liabilities amount reflects the reconciliation from cash to accrual basis.

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

There were no recommended adjustments to the financial statements as of December 31, 2014, based on the results of this examination.

### **OTHER SIGNIFICANT ISSUES**

The Company's Bylaws state the officers of the Company shall consist of a President, Vice President, Secretary, and Treasurer. The Company has not elected a Vice President since 2009 when Arthur Schnell retired from the position and therefore has not been in compliance with its Bylaws since 2009. It is recommended that the Company come into compliance with its Bylaws regarding the composition of its officers.

IC 27-1-13-3(c)(1) and IC 27-1-13-3(c)(8) state the amount invested in any single mutual fund shall not exceed 10% of admitted assets. The Company had an investment in a single mutual fund in excess of 10% of admitted assets as of December 31, 2014. It is recommended that the Company comply with the limitation by reducing its investment in the fund.

There were no further significant issues identified as of December 31, 2014, 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 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 St. Celestine Mutual Fire Insurance Company as of December 31, 2014.

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.

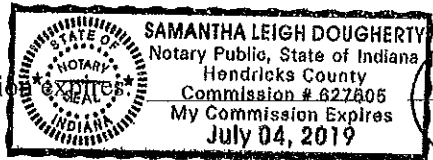
The attached Report of Examination is a true and complete report of condition of St. Celestine Mutual Fire Insurance Company as of December 31, 2014, as determined by the undersigned.

  
\_\_\_\_\_  
Tom Masterson, CFE  
Noble Consulting Services, Inc.

State of: Indiana  
County of: Marion

On this 14 day of January, 2016, before me personally appeared, Tom Masterson, 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  \_\_\_\_\_  
Notary Public

