

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

IN THE MATTER OF:)

DeKalb County Farmers Mutual Insurance Company)
525 West Michigan Avenue)
Auburn, Indiana 46706)

Examination of: **DeKalb County Farmers Mutual Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Holly W. Lambert, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of DeKalb County Farmers Mutual Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on February 10, 2025 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 DeKalb County Farmers 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.

April 1, 2025
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3835 5847

STATE OF INDIANA) BEFORE THE INDIANA
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IN THE MATTER OF:)
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DeKalb County Farmers Mutual Insurance Company)
525 West Michigan Avenue)
Auburn, Indiana 46706)

Examination of: **DeKalb County Farmers Mutual Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the DeKalb County Farmers Mutual Insurance Company (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on December 4, 2023.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on February 10, 2025 and was received by the Company on February 18, 2025.

The Company did not file any objections.

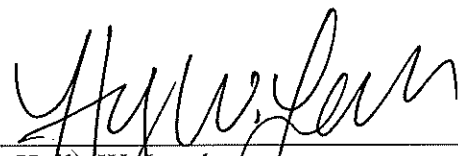
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the DeKalb County Farmers Mutual Insurance Company as of December 31, 2022.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the DeKalb County Farmers 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 1st day of
April, 2025.



Holly W. Lambert
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
DEKALB COUNTY FARMERS MUTUAL INSURANCE
COMPANY
NAIC Co. CODE 92289

As of
December 31, 2022

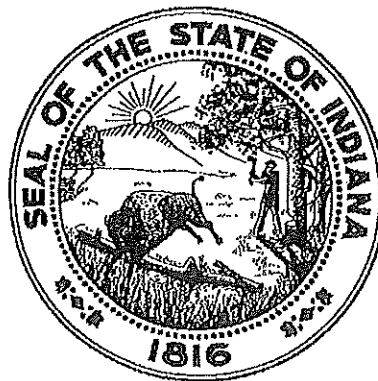


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STATE OF INDIANA

MIKE BRAUN, GOVERNOR

Indiana Department of Insurance

Holly W. Lambert, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-3520
Fax: 317-232-5251
Website: in.gov/doi

December 4, 2023

Honorable Amy L. Beard, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4169, an examination has been made of the affairs and financial condition of:

DeKalb County Farmers Mutual Insurance Company
525 West Michigan Avenue
Auburn, Indiana 46706

DeKalb County Farmers Mutual 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, 2022, is respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
317-232-2389

COMPANY COMPLIANCE
317-232-3495

CONSUMER SERVICES
317-232-2395/1-800-622-4461

FINANCIAL SERVICES
317-232-2390

MEDICAL MALPRACTICE
317-232-5253

COMPANY RECORDS
317-232-2383

STATE HEALTH INSURANCE PROGRAM
1-800-452-4800

SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined DeKalb County Farmers Mutual Insurance Company (the Company) for the period ending December 31, 2017. Ingardus, LLC (Ingardus) conducted the present risk-focused examination for the period from January 1, 2018 through December 31, 2022. The examination included all material transactions and events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination included assessing the principles used and significant estimates made by management. Additionally, the examination evaluated the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and Annual Statement instructions, when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but were separately communicated to the Department and/or the management of the Company.

HISTORY

The Company was organized in 1878. The Company operates under 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 and By-Laws, is to insure property against loss by fire and lightning on personal property, dwelling houses, barns and other out buildings and to insure its members against loss from such other hazards permitted to be insured against by farm mutual law under which this association operates and to distribute on the mutual insurance plan such loss as may occur in spite of reasonable precautions.

SURPLUS

As of December 31, 2022, the Company had surplus of \$3,954,227 and 840 policies. The policyholders are the owners of the Company.

TERRITORY AND PLAN OF OPERATION

The Company provides insurance coverage for dwellings and content, grain, livestock, machinery and equipment, outbuildings, seed, and supplies coverage. The Company conducts business in the Indiana counties of Allen, DeKalb, LaGrange, Noble and Steuben.

GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus
2022	\$ 4,443,346	\$ 489,119 ^A	\$ 3,954,227 ^A
2021	4,968,444	458,617	4,509,827
2020	4,528,715	466,277	4,062,438
2019	4,262,409	650,572	3,611,837
2018	3,620,914	148,462	3,472,452

MANAGEMENT AND CONTROL

Directors

The business of the Company is managed by a Board of Directors (Board) comprised of ten (10) directors. Six (6) members of the Board constitutes a quorum for the transaction of business. Each director serves for a term of three (3) years and are elected at the annual meeting of the members, in staggered terms. The following is a listing of persons serving as directors as of December 31, 2022:

Name	City
Kevin Aldrich	Corunna, Indiana
James Cumings	Butler, Indiana
David Gurtner	Waterloo, Indiana
Nolan Johnson	Auburn, Indiana
Jason Kreischer	St Joe, Indiana
Todd Moughler	Butler, Indiana
John Pepple	Waterloo, Indiana
Darryl Scoville	Butler, Indiana
Dennis Sutton	LaOtto, Indiana
Greg Thrush	Garrett, Indiana

Officers

The officers of this Company are a President, a Vice President, a Secretary, and a Treasurer. Officers are elected at the annual meeting and serve for a term of one (1) year. The following is a listing of the persons serving as officers of the Company as of December 31, 2022:

Name	Office
David Gurtner	President
John Pepple	Vice President
Mandy Capp	Secretary
Greg Thrush	Treasurer

^A Balances 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, 2022.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the company and will not knowingly violate any of the laws applicable to such company. It was determined that all directors listed in the Management and Control section of this Report of Examination subscribed to an oath as of December 31, 2022.

CORPORATE RECORDS

Articles of Association

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

By-Laws

There were no amendments to the By-Laws 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 through the purchase of a fidelity crime bond issued by CUNA Mutual Group/CUMIS Insurance Society, Inc. The bond has a policy aggregate limit of liability of \$100,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2022, including but not limited to directors and officers liability, professional liability, commercial liability, cyber liability, and workers compensation.

STATUTORY DEPOSITS

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

REINSURANCE

The Company's reinsurance program is placed with Grinnell Mutual Reinsurance Company (Grinnell). The reinsurance program includes two (2) treaties, both effective January 1, 2022, which are described below

- *Property Per Risk Excess of Loss Reinsurance* – This coverage limits the Company's liability on an individual occurrence of loss with a retention limit of \$175,000.
- *Property Aggregate Excess of Loss Reinsurance* – Grinnell agrees to indemnify the Company for 100% of the aggregate net losses, in excess of the retention limit of \$550,000.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2021 and 2022, agreed to the respective Annual Statements.

DEKALB COUNTY FARMERS MUTUAL INSURANCE COMPANY
Assets, Liabilities and Surplus
As of December 31, 2022

	Per Annual Statement	Examination Adjustments*	Per Examination
ASSETS			
Bonds	\$ 49,938	\$ -	\$ 49,938
Stocks	3,224,834	-	3,224,834
Bank balances and cash on hand	1,129,459	-	1,129,459
Real estate	39,115	-	39,115
Total Assets	<u>\$ 4,443,346</u>	<u>\$ -</u>	<u>\$ 4,443,346</u>
LIABILITIES AND SURPLUS			
Liabilities			
Unpaid claims	\$ 40,000	\$ -	\$ 40,000
Less, reinsurance recoverable	-	-	-
Net unpaid claims	-	40,000	40,000
Taxes payable	11,115	-	11,115
Other unpaid expenses	875	-	875
Premiums collected for other companies - not remitted	15,888	-	15,888
Unearned premium reserve	421,241	-	421,241
Total Liabilities	<u>449,119</u>	<u>40,000</u>	<u>489,119</u>
Surplus	3,994,227	(40,000)	3,954,227
Total Liabilities and Surplus	<u>\$ 4,443,346</u>	<u>\$ -</u>	<u>\$ 4,443,346</u>

* The Company had a mathematical error on its balance sheet. The net impact of this adjustment was a reduction to surplus of \$40,000. See the Comments on the Financial Statements section of this Report of Examination.

DEKALB COUNTY FARMERS MUTUAL INSURANCE COMPANY
Income Statement and Change in Surplus
For the year ended December 31, 2022

	Per Annual Statement	Examination Adjustments*	Per Examination
INCOME			
Net premiums:			
Direct premiums written	\$ 774,466	\$ -	\$ 774,466
Less: Reinsurance premiums ceded	(104,633)	-	(104,633)
Total net premiums written	669,833	-	669,833
Aggregate excess loss reinsurance paid	-	-	-
Total net premiums	669,833	-	669,833
Income from investments	206,257	-	206,257
Other income	229,278	-	229,278
Total income	1,105,368	-	1,105,368
DISBURSEMENTS			
Net losses paid:			
Direct losses	352,893	-	352,893
Less: Reinsurance recovered	-	-	-
Net losses paid	352,893	-	352,893
Operating expenses	768,211	(373,440)	394,771
Non-operating expenses	422,764	-	422,764
Total disbursements	1,543,868	(373,440)	1,170,428
CHANGE IN SURPLUS			
Net income	(438,500)	373,440	(65,060)
Change in accrued assets and liabilities	2,956	(413,440)	(410,484)
Change in unrealized gains (losses)	(80,056)	-	(80,056)
Surplus, beginning of period	4,509,827	-	4,509,827
Surplus, end of period	\$ 3,994,227	\$ (40,000)	\$ 3,954,227

* The Company had a mathematical error on its balance sheet. Additionally a reclassification of a prior year adjustment was required. The net impact of these adjustments was a reduction to surplus of \$40,000. See the Comments on the Financial Statements section of this Report of Examination.

COMMENTS ON THE FINANCIAL STATEMENTS

The Company had a mathematical error on its December 31, 2022 balance sheet that resulted in liabilities being understated by \$40,000 and surplus being overstated by \$40,000.

Additionally, the Company overstated its 2022 operating expense by \$373,440 related to a prior period adjustment. The correcting entry did not change surplus.

OTHER SIGNIFICANT ISSUES

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

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork that were considered material events requiring disclosure in this Report of Examination.

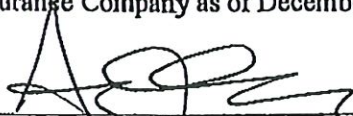
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with assistance from Ingardus, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of the DeKalb County Farmers Mutual Insurance Company, as of December 31, 2022.

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

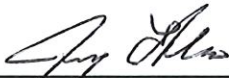
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of DeKalb County Farmers Mutual Insurance Company as of December 31, 2022, as determined by the undersigned.



Angela L. Ohlmann, CPA, CGMA, CFE (Fraud), MCM
Ingardus, LLC
State of: Indiana
County of: Marion

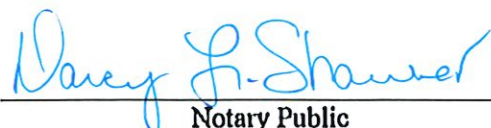
Under the Supervision of:



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

On this 31st day of March, 2025, before me personally appeared, Angela L. Ohlmann and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: October 4, 2025 
Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC

SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 706053
DeKalb County Farmers Mutual Insurance Company
Financial Examination as of 12/31/2022

