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

IN THE MATTER OF:)
)
Franklin County Farmers Mutual Insurance Company)
125 Main Street)
Brookville, Indiana 47012)

Examination of: **Franklin 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 Franklin 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 May 4, 2026, 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 Franklin 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.

6/8/2026
Date

Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3835 5533

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

IN THE MATTER OF:)
)
Franklin County Farmers Mutual Insurance Company)
125 Main Street)
Brookville, Indiana 47012)

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

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Franklin County Farmers Mutual Insurance Company (hereinafter "Company") for the time period January 1, 2019, through December 31, 2023.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on March 9, 2026.

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 May 4, 2026 and was received by the Company on May 11, 2026.

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 Franklin County Farmers Mutual Insurance Company as of December 31, 2023.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Franklin 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 8th day of June, 2026.

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

FRANKLIN COUNTY FARMERS MUTUAL INSURANCE COMPANY

NAIC CO. CODE 92307

As of

December 31, 2023

TABLE OF CONTENTS

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/idoi

March 9, 2026

Honorable Holly W. Lambert, 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 4210, an examination has been made of the affairs and financial condition of:

Franklin County Farmers Mutual Insurance Company
125 Main Street
Brookville, Indiana 47012

Franklin County Farmers Mutual Insurance Company (the Company) is an Indiana domiciled, farm mutual insurance company.

MarksNelson Advisors conducted the examination remotely with the cooperation of the Company.

The Report of Examination, reflecting the status of the Company as of December 31, 2023, is respectfully submitted.

SCOPE OF EXAMINATION

Representatives of the Indiana Department of Insurance (the Department) last examined Franklin County Farmers Mutual Insurance Company (the Company) for the period ending December 31, 2018. MarksNelson Advisors, formerly known as Ingardus, LLC, conducted the present risk-focused examination for the period from January 1, 2019 through December 31, 2023. 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 1900 and elected to operate under Chapter 145, Acts 1919, during 1924, 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 in its Articles of Incorporation, is to insure its members against loss from hazards permitted to be insured against by the farm mutual laws under which it operates and to distribute on the mutual insurance plan such loss as may occur in spite of reasonable precautions.

SURPLUS

As of December 31, 2023, the Company had surplus of $10,316,426 and 1,263 policyholders, who are the owners of the Company.

TERRITORY AND PLAN OF OPERATION

The Company provides personal lines coverage, primarily for homes and farms. The Company conducts business in the Indiana counties of Dearborn, Decatur, Fayette, Franklin, Ripley, Rush, Union, and Wayne.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period. All amounts were adjusted, per the examination. See the Comments on the Financial Statements section of this Report of Examination.

Year	Admitted Assets	Liabilities	Surplus
2023	$ 10,983,212	$ 666,786	$ 10,316,426
2022	10,987,248	709,241	10,278,007
2021	11,324,258	594,667	10,729,591
2020	10,674,480	597,464	10,077,016
2019	10,058,605	597,419	9,461,186

MANAGEMENT AND CONTROL

Directors

The business of the Company is managed by a Board of Directors (Board) composed of seven (7) directors. Each director serves for a term of three (3) years. The 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, 2023:

Name	City
Jerry Carpenter	Connersville, Indiana
Dennis Halpin	Metamora, Indiana
Kevin Jackson	Liberty, Indiana
Greg Meier	Brookville, Indiana
Gary Ruf	Connersville, Indiana
Jeffrey Sauerland	Connersville, Indiana
Dennis Weber	Liberty, Indiana

Officers

The officers of this Company are a President, a Vice President, a Treasurer, and a Secretary. The following is a listing of the persons serving as officers of the Company as of December 31, 2023:

Name	Office
Jeffrey Sauerland	President
Dennis Halpin	Vice President
Dennis Weber	Secretary
Greg Meier	Treasurer

CONFLICT OF INTEREST

Directors and board officers are required to review and sign Conflict of Interest Disclosure Statements annually. The Company was unable to provide statements for the directors and board officers signed as of December 31, 2023.

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. The Company was unable to provide a signed Oath of Office for any of the directors listed in the Management and Control section of this Report of Examination.

CORPORATE RECORDS

Articles of Incorporation

The Articles of Incorporation were amended and adopted effective August 13, 2019.

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 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 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, 2023, including but not limited to directors and officers liability, professional liability, cyber liability, workers compensation and employers' liability, commercial property, and commercial liability.

STATUTORY DEPOSITS

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

REINSURANCE

The Company's reinsurance program is placed through Grinnell Mutual Reinsurance Company. The reinsurance program includes three (3) treaties, each effective January 1, 2023, which are described below:

- *Property per Risk Excess of Loss* – The Company's retention was $175,000 and the coverage limit was 100% above the retention subject to limitations.
- *Property Catastrophe* – The Company's retention was $300,000 per loss, net of all other reinsurance recoveries. The coverage limit was 100% of the Company's ultimate net loss, per loss occurrence, in excess of the Company's retention.
- *Property Aggregate Excess* – The Company's retention is $710,000, net of all other reinsurance recoveries. The policy covers 100% of the Company's ultimate net loss in excess of the Company's retention and coverage is unlimited.

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, 2022 and 2023, were agreed to the respective Annual Statements.

FRANKLIN COUNTY FARMERS MUTUAL INSURANCE COMPANY
Assets, Liabilities and Surplus
As of December 31, 2023

	Per Annual Statement	Examination Adjustments*	Per Examination
ASSETS			
Bonds	$ 815,665	$ 33,205	$ 848,870
Stocks	3,755,736	-	3,755,736
Bank balances:			
Subject to check	470,435	-	470,435
On interest	4,562,050	73,682	4,635,732
Real estate	1,073,488	-	1,073,488
Cash in office	139	-	139
Unpaid premiums	107,090	-	107,090
Accrued interest	71,722	-	71,722
Income tax recoverable	20,000	-	20,000
Total Assets	$ 10,876,325	$ 106,887	$ 10,983,212
LIABILITIES AND SURPLUS			
Net unpaid claims	$ -	$ -	$ -
Ceded reinsurance balances payable	33,554	-	33,554
Amounts withheld for the account of others	5,688	-	5,688
Other unpaid expenses	12,037	-	12,037
Premiums received in advance	19,520	-	19,520
Unearned premium reserve	595,987	-	595,987
Total liabilities	666,786	-	666,786
Surplus	10,209,539	106,887	10,316,426
Total liabilities and surplus	$ 10,876,325	$ 106,887	$ 10,983,212

* The Company understated its bonds and certificates of deposit. Surplus increased as a result of these adjustments. See the Comments on the Financial Statements section of this Report of Examination.

FRANKLIN COUNTY FARMERS MUTUAL INSURANCE COMPANY
Income Statement and Change in Surplus
For the Year Ended December 31, 2023

INCOME	Per Annual Statement	Examination Adjustments **	Per Examination
Net premiums:			
Direct premiums written	$ 1,325,627	$ -	$ 1,325,627
Less: Reinsurance premiums ceded	(439,829)	-	(439,829)
Total net premiums written	885,798	-	885,798
Membership and policy fees	13,964	-	13,964
Total net premiums	899,762	-	899,762
Income from investments	248,878	73,682	322,560
Other income	281,095	-	281,095
Total income	1,429,735	73,682	1,503,417
DISBURSEMENTS			
Net losses paid:			
Direct losses	367,998	-	367,998
Less: Reinsurance recovered	-	-	-
Net losses paid	367,998	-	367,998
Operating expenses	830,908	-	830,908
Non-operating expenses	661,756	-	661,756
Total disbursements	1,860,662	-	1,860,662
CHANGE IN SURPLUS			
Net income (loss)	(430,927)	73,682	(357,245)
Change in accrued assets and liabilities	89,461	-	89,461
Change in unrealized gains	272,998	33,205	306,203
Surplus, beginning of period	10,278,007	-	10,278,007
Surplus, end of period	$ 10,209,539	$ 106,887	$ 10,316,426

** The Company understated its income from investments and change in unrealized gains. The net loss decreased as a result of these adjustments. See the Comments on the Financial Statements section of this Report of Examination.

COMMENTS ON THE FINANCIAL STATEMENTS

The Company recorded the value of its bonds at fair market value rather than amortized cost. As a result, bonds were understated by $33,205. This adjustment also increased the change in unrealized gains and ending surplus by the same amount.

The Company recorded some of its certificates of deposit at cost rather than fair market value. Several of the CDs were set up such that interest is reinvested into the certificate's balance. Additionally, there was an error in the 2023 Annual Statement related to certificates of deposit held at one bank. As a result, certificates of deposit were understated by $73,682. This adjustment also increased income from investments and ending surplus by the same amount.

OTHER SIGNIFICANT ISSUES

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

SUBSEQUENT EVENTS

On March 8, 2023, the Company's policyholders approved a merger with Local Farmers Fire & Lightning Mutual Insurance Company. The Company will be the surviving farm mutual. The Department approved the merger on March 15, 2024.

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 MarksNelson Advisors, hereinafter collectively referred to as the "Examiners", performed an examination of the Franklin County Farmers Mutual Insurance Company, as of December 31, 2023.

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 Franklin County Farmers Mutual Insurance Company as of December 31, 2023, as determined by the undersigned.

Michael Kilkenny

Michael Kilkenny, J.D., CFE (Fraud), MCM
MarksNelson Advisors, LLC

Under the Supervision of:

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

On this 8th day of June, 2026, before me personally appeared, Michael Kilkenny 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: 12/20/2030 Amanda Lane Shipman
Notary Public

SEAL
AMANDA LANE SHIPMAN
Notary Public, State of Indiana
Boone County
Commission Number NP0745831
My Commission Expires
December 20, 2030