

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

IN THE MATTER OF:)
)
Mennonite Mutual Aid Association)
1110 North Main Street, PO Box 483)
Goshen, Indiana 46527)

Examination of Mennonite Mutual Aid 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 Mennonite Mutual Aid Association, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on November 1, 2010, 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 Mennonite Mutual Aid 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.

December 13, 2010
Date

Cynthia D. Donovan
Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4443 7595

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

IN THE MATTER OF:)
)
Mennonite Mutual Aid Association)
1110 North Main Street, PO Box 483)
Goshen, Indiana 46527)

Examination of Mennonite Mutual Aid Association

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Mennonite Mutual Aid Association (hereinafter "Company") for the time period January 1, 2005 through December 31, 2009.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on September 15, 2010.

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 1, 2010 and was received by the Company on November 4, 2010.

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 Mennonite Mutual Aid Association as of December 31, 2009.
2. That the Examiners' Recommendations are reasonable and necessary in order for the Mennonite Mutual Aid 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 13th day of
December, 2010.



Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

MENNONITE MUTUAL AID ASSOCIATION

NAIC COMPANY CODE 57991

As of

December 31, 2009

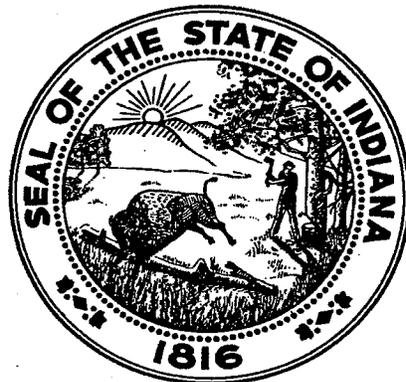


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION	2
HISTORY.....	2
TERRITORY AND PLAN OF OPERATION.....	2
GROWTH OF THE ASSOCIATION	3
LOSS EXPERIENCE.....	3
MANAGEMENT AND CONTROL.....	4
Directors	4
Officers.....	5
Corporate Governance.....	5
CONFLICT OF INTEREST.....	6
OATH OF OFFICE	6
CORPORATE RECORDS.....	6
Articles of Incorporation and Bylaws.....	6
Minutes.....	6
AFFILIATED COMPANIES	6
Organizational Structure.....	6
Affiliated Agreements	7
Organizational Chart	8
FIDELITY BOND AND OTHER INSURANCE	9
REINSURANCE	9
Reinsurance Assumed	9
Reinsurance Ceded	9
RESERVES	10
ACCOUNTS AND RECORDS	11
FINANCIAL STATEMENTS.....	12
Assets.....	12
Liabilities, Surplus and Other Funds	13
Summary of Operations.....	14
Surplus Account	15
COMMENTS ON THE FINANCIAL STATEMENTS.....	16
OTHER SIGNIFICANT FINDINGS	16
SUBSEQUENT EVENTS.....	16
MANAGEMENT REPRESENTATION	16
AFFIDAVIT	17



STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300

INDIANAPOLIS, INDIANA 46204-2787

TELEPHONE: (317) 232-2385

FAX: (317) 232-5251

Stephen W. Robertson, Commissioner

September 16, 2010

Honorable Alfred W. Gross, Chairman
Financial Condition (E) Committee, NAIC
Commissioner of Insurance
Virginia Bureau of Insurance
1300 East Main Street
Richmond, Virginia 23218

Honorable Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3637, an examination has been made of the affairs and financial condition of:

Mennonite Mutual Aid Association
1110 North Main Street
Goshen, IN 46528

hereinafter referred to as the "Association" or "MMAA", an Indiana domestic, fraternal, life and annuity insurance company. The examination was conducted at the corporate offices of the Association in Goshen, Indiana.

The Report of Examination, reflecting the status of the Association as of December 31, 2009, 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 (IDOI) as of the period ending December 31, 2004. The present risk-focused examination covered the period from January 1, 2005, through December 31, 2009, and was conducted by Huff, Thomas & Company (HuffThomas) and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting the risk-focused examination, the IDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by BKD LLP for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

Jeffrey Beckley, FSA, MAAA, of Actuarial Options, LLC, a consulting actuary appointed by the IDOI, conducted a review of the Association's Aggregate Reserves for Life and Accident & Health (A&H) Contracts and Contract Claims for Life and A&H as of December 31, 2009.

The risk-focused examination was conducted in accordance with procedures and guidelines prescribed by the National Association of Insurance Commissioners (NAIC) for the purpose of determining the Association's financial condition. Examination procedures included the verification and evaluation of assets, determination of liabilities and review of income and disbursement items, minutes, corporate documents, policy and claim files, and other records to the extent deemed necessary.

The comments and recommendations from the previous IDOI examination were reviewed. It was noted the Association has taken corrective action with respect to all prior recommendations.

HISTORY

MMAA was organized as a fraternal beneficiary association under the laws of the State of Indiana and incorporated on December 15, 1964, allowing it to operate as a fraternal benefit society on January 1, 1966. The Association was formed to associate and unify Mennonites and members of related Anabaptist groups, promote the biblical concept of mutual aid and create funds from the activities as a fraternal benefit association to provide for the needs of its members.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2009, the Association was licensed in the following twenty-two (22) states:

Arizona	California	Colorado	Delaware	Florida
Idaho	Illinois	Indiana	Iowa	Kansas
Maryland	Michigan	Minnesota	Montana	Nebraska
Ohio	Oklahoma	Oregon	Pennsylvania	South Dakota
Virginia	Washington			

As a Fraternal insurer the Association primarily markets its business to Mennonite and Anabaptist organizations. MMAA provides individual insurance products including annuities, life insurance, disability insurance, health insurance plans, Medicare supplement plans, health reimbursement arrangements and flexible spending (Section 125) accounts. The Association's products are marketed by regional offices across the United States and are sold through a network of field staff and independent agents.

GROWTH OF THE ASSOCIATION

Comparative financial data for the period under examination, as reported in the Association's financial statements, was as follows:

Year	Admitted		Surplus	Premium	Net
	Assets	Liabilities		Income	Income
2009	\$ 370,479,519	\$ 289,069,049	\$ 81,410,470	\$ 83,814,636	\$ 4,999,830
2008	348,849,501	263,090,035	85,759,466	76,849,684	(702,750)
2007	338,906,754	250,347,979	88,558,775	64,197,433	5,463,581
2006	330,239,627	244,554,465	85,685,162	65,015,353	7,412,574
2005	318,966,719	239,032,398	79,934,321	67,168,290	6,312,833

The increase in Assets and Liabilities in 2009 was primarily attributable to the growth in the Association's deferred and immediate annuities. Surplus decreased in both 2008 and 2009. The decrease in surplus in 2008 occurred as a result of an operating loss, unrealized capital losses and change in non-admitted assets. The decrease in 2009 was mostly due to unrealized capital losses and surplus contributions to its subsidiaries.

LOSS EXPERIENCE

The loss experience of the Association's accident and health (A&H) business is presented in the following schedule:

Year	A&H	Losses and	Underwriting	Loss and Loss	Underwriting
	Premiums	Loss Expenses	Expenses		
	<u>Earned</u>	<u>Incurred</u>	<u>Incurred</u>		
2009	\$ 51,454,778	\$ 39,859,469	\$ 9,766,219	77.47%	18.98%
2008	50,507,385	37,208,632	9,313,170	73.67%	18.44%
2007	51,722,212	36,523,156	8,647,962	70.61%	16.72%
2006	51,098,124	35,708,811	8,252,181	69.88%	16.15%
2005	52,249,147	37,621,623	8,769,120	72.00%	16.78%

The Association's expense ratios for Losses and Loss Expenses and Underwriting Expenses increased during the last three years of the examination period, generally following the upward trend in the cost of health care.

MANAGEMENT AND CONTROL

The Association does not have stockholders or owners, the Association as an entity is accountable to its membership. The Association is governed by a Board of Directors that serve four-year terms. The members elect the Board by a majority vote. The General Board of the Mennonite Church provides the ballot of nominees for the Board of Directors.

Directors

The Articles of Incorporation provide that the number of Directors of the Association shall not be less than seven or more than twenty-five, with the exact number to be specified from time to time in the manner provided by the Association's Bylaws. The following is a listing of persons currently serving as Directors:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Andrew Eversole Goshen, IN	Retired Tax Director CTS Corporation
Natalie Francisco Chesapeake, VA	Executive Vice President Calgary Bible College
Jennifer Landis Souderton, PA	Senior Accountant Baum, Smith & Clemens
Stephen M. Lane York Haven, PA	Pastor Elizabethtown Brethren in Christ Church
D.J. McFadden, III Millersburg, OH	Health Commissioner Holmes County Health District
Larry Nikkel Hillsboro, KS	Past President Tabor College
D. Duane Oswald Fresno, CA	President and CEO Avante Health
Paul Quiring Fresno, CA	President Quiring Corporation
Pat Swartzendruber Harrisonburg, VA	Retired healthcare and nonprofit management
Sandra Vielman Goshen, IN	ENL Collaborator Goshen High School

J. David von Gunten Fort Wayne, IN	Director of Administrator Services/Controller Missionary Church
Donna Voth Topeka, KS	Retired General Counsel Kansas Government Ethics Commission
LaVern Yutzy Lititz, PA	CEO of Healthcare Services Philhaven

Officers

The Bylaws state the officers of the Association, who shall be elected by the Board of Directors, shall consist of a President, a Secretary, and a Treasurer, and such other officers as the Board of Directors may determine from time to time. The Association's daily operations were primarily managed by the following key senior officers and their respective titles, as of December 31, 2009:

<u>Name</u>	<u>Office</u>
Larry D. Miller	President
Jaime Alvarez	Secretary
Melvin Claassen	Treasurer
Rod D. Diller	Vice President
David Gautsche	Assistant Vice President
Sidney A. Richard	Assistant Vice President
Marlo J. Kauffman	Assistant Secretary
Philip R. Zimmerman	Assistant Secretary
Delmar King	Assistant Treasurer
George F. Merryman	Assistant Treasurer

Corporate Governance

It was determined that the Board reviews financial statements and approves all significant Association business including investment transactions. In addition to the Board's involvement with managing the Association, the Mennonite Mutual Aid (MMA) Audit Committee also provides oversight to certain financial areas of the Association's operations. The MMA Audit Committee functioned under the provisions of a charter which establishes the committee's responsibilities which included engagement of external auditors, handling of Whistleblower Policy complaints, and approval of security, real estate and derivative transactions. From a review of the MMA Audit Committee minutes, it was determined the committee was operating in accordance with the provisions of its charter. It was also determined that the MMA Audit Committee was appropriately staffed with financially literate and independent Directors.

Based on a review of the information contained in each of the Directors and Executive Officer's biographical affidavits and through management interviews, it was determined that these individuals are

adequately qualified and have the experience necessary to conduct the operations and affairs of the Association.

Overall, the Association's corporate governance structure was determined to be effective. Policies and strategies as designed and implemented by the Board and management are effectively communicated throughout the Association. In addition, it was determined the Board and key executives set an appropriate "tone at the top" with a clear commitment to set ethical behavior throughout the Association.

CONFLICT OF INTEREST

Directors, officers and certain employees are required to annually complete a questionnaire which discloses conflicts of interest. It was determined that all Directors and officers serving during the examination period completed the required conflict of interest questionnaire.

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 corporation and will not knowingly violate any of the laws applicable to such corporation. It was noted during the examination the Board members did subscribe to an Oath of Office.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

No amendments were made to the Association's Articles of Incorporation or Bylaws during the period under examination.

Minutes

The Board of Directors meeting minutes were reviewed for the period under examination through the fieldwork completion date and significant actions taken during each meeting were noted.

AFFILIATED COMPANIES

Organizational Structure

The Holding Company Registration statement filed with the IDOI identifies MMAA as the ultimate controlling entity. MMAA is controlled by its benefit members who elect the Board of Directors of the Association.

On January 1, 2009, MMAA activated MMA Holdings, Inc., a wholly-owned non-insurance holding company. In exchange for stock of MMA Holdings, MMAA contributed the stock of its two subsidiaries,

MMA Insurance Company (MIC) and MMA Trust Company. MMAA also contributed its interest in MMA ComSource LLC (now MMA Distribution, Inc.), a non-admitted asset to MMA Holdings. In addition, MMAA contributed cash to MMA Holdings, enabling it to purchase the financial assets of Mennonite Mutual Aid, Inc., an affiliated company and the remaining interest in MMA ComSource held by others. An organization chart is included below.

Affiliated Agreements

As of December 31, 2009, the Association operated under the following intercompany agreements which were filed with the IDOI:

Employment Servicing & Facilities Sharing Agreement

On January 1, 2009, MMAA along with other members of the MMA Stewardship group entered into an agreement with MMA InSource, LLC (Agent), an affiliate. Under this agreement Agent provides employment services and general office services, supplies and equipment at a rate of actual costs plus a margin of up to 5%.

Office Lease Agreement

On January 1, 2009, MMAA along with several other members of the MMA Stewardship group (Lessee) entered into an agreement with Mennonite Church Buildings, Inc. (Lessor), an affiliate. Under this agreement the Lessor leases office space to the Lessee. The lease amount is calculated annually in advance by multiplying total annual expenses of the premises by the percent of leased premises occupied by the individual Lessee.

Compensation Servicing Agreement

MMAA entered into an agreement with its affiliate, MMA Distribution, Inc. (MMAD), formerly operating as MMA ComSource, LLC, effective January 1, 2009. Under the agreement MMAD provides a sales and distribution system consisting of duly licensed agents, producers and counselors for the purposes of producing insurance sales and advisory services on behalf of MMAA.

As of December 31, 2009, the Company was party to the following significant unaffiliated related party agreements:

Custody Services Agreement

Fifth Third Bank of Cincinnati, OH, provides custodial services for the Association's investments. The agreement, signed on September 7, 1993, provides for a variety of services including: safekeeping, trading, deposits and withdrawals, income collection, record retention and reporting.

Security Agreement

FHLBI of Indianapolis, IN, signed an agreement with the Association on February 17, 2009, which provides for advances, pledges and other management services with respect to the Association's mortgages and other credit instruments and the related collateral arrangements.

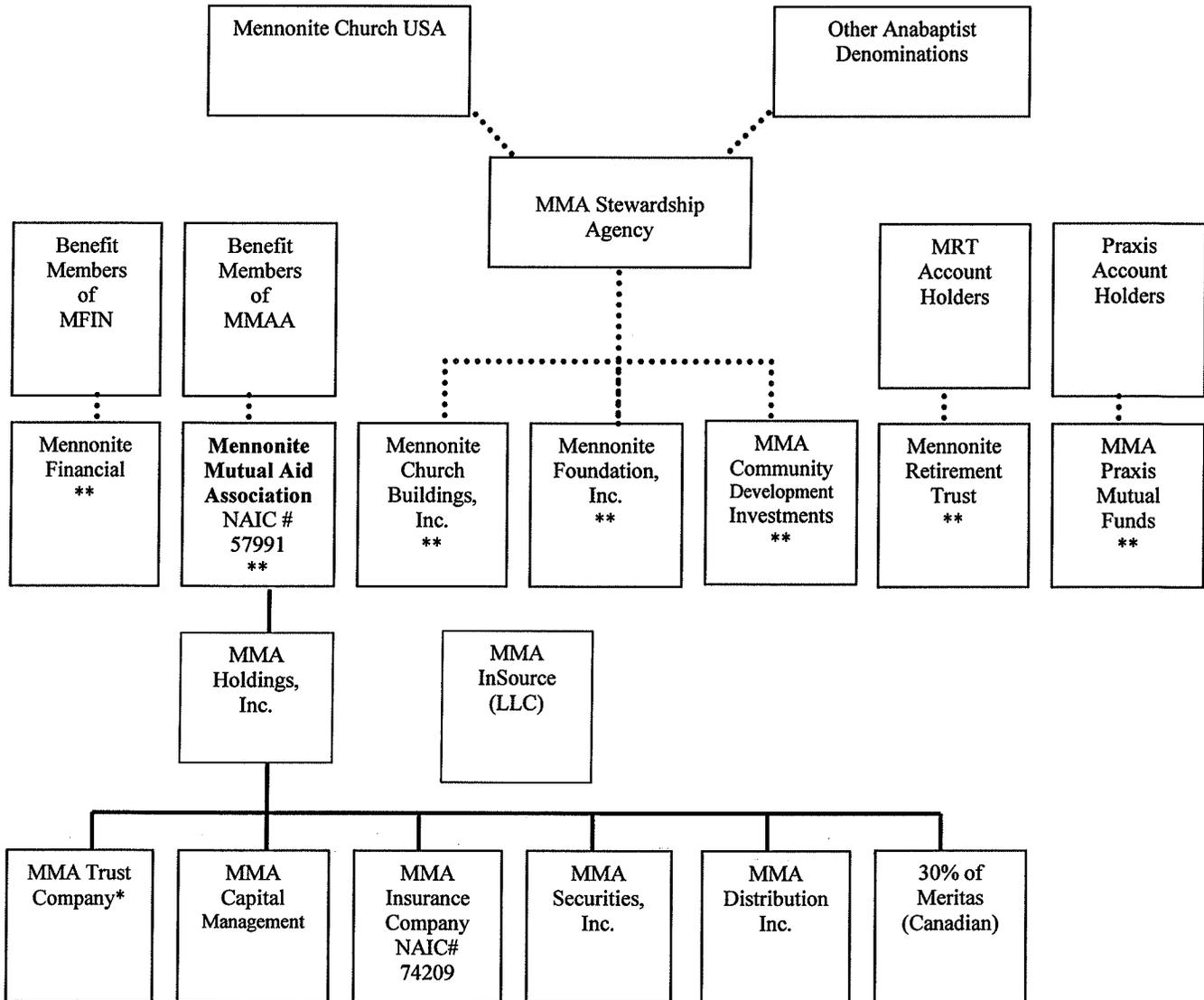
Investment Advisory Agreement

Foliofn Investments, Inc. of Vienna, VA, signed an agreement with the Association dated June 22, 2006, which provides for investment advisory services.

Intercompany reinsurance agreements are included under the reinsurance section of this report.

Organizational Chart

The following organization chart shows the Association's relationship to other MMA entities.



Dotted line – Authority established through accountability of its members
 Solid line – Authority established through common stock ownership
 *MMA Holdings, Inc. acquired MMA Trust Company, effective January 1, 2010.
 **Tax exempt entity.

FIDELITY BOND AND OTHER INSURANCE

The Association protects itself against loss from potential fraudulent or dishonest acts by employees through a fidelity bond. The Association is insured through two layers of coverage for losses up to \$2,000,000 with a deductible of \$50,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

Other significant insurance coverages in force at December 31, 2009, included Commercial General Liability, Commercial Umbrella Liability, Employment Practices Liability, Medical Professional Liability, Fire, and Directors & Officers Liability. All other coverages were determined to be adequate as of December 31, 2009.

REINSURANCE

Reinsurance Assumed

During the period covered by this examination, the Association assumed group and Association Group major medical insurance under an intercompany Medical Reinsurance Agreement whereby the Association is the named reinsurer and its subsidiary, MIC, is the named reinsured. Under the terms of the Medical Reinsurance Agreement the Association assumes covered business in excess of \$200,000 per person on an 80% coinsurance basis up to \$450,000 total claims per person. Above this amount, the Association assumes additional claims on a 10% coinsurance basis up to a \$2,000,000 per person maximum. During 2009 MIC ceded \$791,994 of premium to the Association under this agreement. This agreement was terminated on December 31, 2009.

Reinsurance Ceded

Individual Annuities:

The Association's individual deferred annuities sold during the period January 1, 1993, to September 30, 1997, are reinsured on a 50% coinsurance basis by Swiss Re Life & Health America under a reinsurance agreement which became effective January 1, 1993. The Association is in the process of commuting business ceded under this agreement. In February 2009, the Association began to recapture certificates that were 15 years or older and continues to recapture ceded business each month as certificates reach their 15 year anniversary. During 2009, the Association recaptured \$4,438,994 of ceded reserves. The Association estimates that it will recapture an additional \$7,566,797 by year-end 2013.

Individual Life Insurance:

Effective March 1, 1996, the Association entered into an automatic coinsurance agreement with Protective Life Insurance Company. Under the terms of this agreement the Association cedes 100% of its Affinity product line which includes individual term life, whole life, and universal life insurance policies. During 2009, the Association ceded \$2,139,620 of premiums and recorded ceded reserve credits of \$20,121,955.

A&H Insurance:

As of December 31, 2009, the Association ceded a portion of its A&H business under the following three reinsurance agreements:

Effective January 1, 2009, the Association entered into an Individual Excess Medical Reinsurance Agreement with ReliaStar Life Insurance Company. Under the terms of this agreement the Association ceded losses in excess of its \$450,000 retention per person for individual major medical insurance through three layers of coverage. There is a 90% coinsurance provision on claims up to \$2,000,000 per covered person. Claims in excess of \$2,000,000 per person are reinsured 100% up to a maximum of \$5,000,000 per person. The Association ceded \$251,251 of premiums under this agreement during 2009.

Effective January 1, 2009, the Association entered into a Group Excess Medical Reinsurance Agreement with ReliaStar Life Insurance Company. Under the terms of this agreement the Association ceded losses in excess of its \$450,000 retention per person for group major medical insurance and employer stop loss insurance through three layers of coverage. There is a 90% coinsurance provision on claims up to \$2,000,000 per covered person. Claims in excess of \$2,000,000 per person are reinsured 100% up to a maximum of \$5,000,000 per person. The Association ceded \$71,563 of premiums under this agreement during 2009.

Effective January 1, 2008, the Association entered into a Quota Share Reinsurance Treaty with Sterling Life Insurance Company (Sterling). The Association ceded 40% of its Medicare Advantage business under the terms of this agreement. During 2009 the Association ceded \$397,397 of premiums to Sterling. The treaty was terminated on December 31, 2009.

RESERVES

Robert W. Guth, FSA, MAAA, is the Association's Appointed Actuary. Mr. Guth was appointed by the Board of Directors on August 23, 1999, to render an opinion on the statutory-basis loss reserves of the Association. Mr. Guth provided the Association's actuarial opinion for the years ended December 31, 2005 to 2009.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining reserves and related items, as shown in the Annual Statement of the Association as prepared for filing with state regulatory officials. In forming the opinion, information prepared by the Association was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used and such tests of the calculations as considered necessary.

The 2009 opinion stated the balances of reserves 1) are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles 2) are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions 3) meet the requirements of the insurance law and regulations of the state of Indiana and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed 4) are

computed on the basis of assumptions consistent with those used in computing the corresponding items in the Annual Statement of the preceding year-end and 5) include provision for all actuarial reserves and related statement items which ought to be established.

During the examination, it was determined by the IDOI consulting actuary, Jeff Beckley, FSA, MAAA, of Actuarial Options, LLC, the significant actuarial items in the Association's 2009 Annual Statement are materially correct and fairly stated in accordance with statutory accounting practices prescribed or permitted by the IDOI.

ACCOUNTS AND RECORDS

The Association's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Association's general ledger for the year ended December 31, 2009, was agreed to the 2009 Annual Statement without exception. The Annual Statements for the years ended December 31, 2005, through December 31, 2008 were agreed to each year's independent audit report with no exceptions noted. The Examiners determined the Association's accounting procedures, practices, and account records were satisfactory.

MENNONITE MUTUAL AID ASSOCIATION

FINANCIAL STATEMENTS

Assets

As of December 31, 2009

	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	\$ 260,662,880	\$ -	\$ 260,662,880	\$ 231,287,965
Preferred stocks	951,200	-	951,200	951,200
Common stocks	24,036,692	-	24,036,692	20,460,518
Mortgage loans	66,060,452	-	66,060,452	71,443,703
Cash \$3,942,529 cash equivalents \$500,000 and short-term investments \$6,502,457	10,944,987	-	10,944,987	15,516,154
Contract loans	1,039	-	1,039	1,090
Other invested assets	1,988,648	-	1,988,648	3,466,910
Receivables for securities	15,046	-	15,046	408,392
Aggregate write-ins for invested assets	1,206,472	-	1,206,472	1,350,630
Subtotals, cash and invested assets	\$ 365,867,416	\$ -	\$ 365,867,416	\$ 344,886,562
Investment income due and accrued	3,690,783	-	3,690,783	3,200,083
Uncollected premiums and agents' balances in the course of collection (premiums and considerations)	198,285	-	198,285	146,009
Deferred premiums, agents' balances and installments booked but deferred and not yet due	36,216	-	36,216	27,338
Accrued retrospective premiums	-	-	-	34,132
Amounts recoverable from reinsurers	419,836	-	419,836	423,102
Other amounts receivable under reinsurance contracts	24,471	-	24,471	22,121
Receivables from parent, subsidiaries and affiliates	244,379	-	244,379	87,394
Health care and other amounts receivable	(1,867)	-	(1,867)	22,762
Total Assets	\$ 370,479,519	\$ -	\$ 370,479,519	\$ 348,849,503

MENNONITE MUTUAL AID ASSOCIATION

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

As of December 31, 2009

	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Aggregate reserve for life contracts	\$ 253,066,589	\$ -	\$ 253,066,589	\$ 227,379,395
Aggregate reserve for accident & health contracts	11,164,176	-	11,164,176	10,498,107
Liability for deposit type contracts	5,864,655	-	5,864,655	5,971,671
Contract claims - life	29,017	-	29,017	29,358
Contract claims - accident and health	8,340,753	-	8,340,753	7,862,372
Refunds due and unpaid	3,921	-	3,921	3,173
Provision for refunds payable in following calendar year estimated amounts: apportioned for payment	1,198,816	-	1,198,816	1,767,853
Premiums and annuity considerations for life and accident and health contracts received in advance	4,809,603	-	4,809,603	4,847,457
Other amounts payable on reinsurance	228,514	-	228,514	82,226
Interest maintenance reserve	475,327	-	475,327	457,097
Commissions to fieldworkers due or accrued	3,185	-	3,185	2,939
General expenses due and accrued	674,018	-	674,018	624,436
Taxes, licenses, and fees due or accrued	125,057	-	125,057	125,106
Unearned investment income	40	-	40	38
Amounts withheld or retained by Society as agent or trustee	158,016	-	158,016	114,805
Remittances and items not allocated	91,732	-	91,732	114,431
Borrowed money	1,070,000	-	1,070,000	-
Asset valuation reserve	1,483,736	-	1,483,736	2,298,411
Payable to parent, subsidiaries, and affiliates	66,354	-	66,354	509,443
Payable for securities	6,179	-	6,179	401,717
Aggregate write-ins for liabilities	209,361	-	209,361	-
Total Liabilities	\$ 289,069,049	\$ -	\$ 289,069,049	\$ 263,090,035
Unassigned funds (surplus)	\$ 81,410,470	\$ -	\$ 81,410,470	\$ 85,759,466
Surplus, December 31, current year	\$ 81,410,470	\$ -	\$ 81,410,470	\$ 85,759,466
Total liabilities and surplus	\$ 370,479,519	\$ -	\$ 370,479,519	\$ 348,849,501

MENNONITE MUTUAL AID ASSOCIATION

FINANCIAL STATEMENTS

Summary of Operations

	As of December 31, 2009			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Premiums and annuity considerations for life and accident and health contracts	\$ 83,814,636	\$ -	\$ 83,814,636	\$ 76,849,684
Considerations for supplementary contracts with life contingencies	738,676	-	738,676	1,499,501
Net investment income	18,535,430	-	18,535,430	17,763,872
Amortization of interest maintenance reserve	40,035	-	40,035	1,504
Commissions and expense allowances on reinsurance ceded	144,737	-	144,737	130,611
Miscellaneous income:		-	-	
Aggregate write-ins for miscellaneous income	311,754	-	311,754	461,835
Totals	\$ 103,585,268	\$ -	\$ 103,585,268	\$ 96,707,007
Death benefits	\$ 85,389	\$ -	\$ 85,389	\$ 39,927
Annuity benefits	13,859,071	-	13,859,071	16,469,252
Disability benefits and benefits under accident and health contracts	38,874,621	-	38,874,621	36,329,861
Surrender benefits and withdrawals for life contracts	34,226	-	34,226	13,235
Interest and adjustments on contract or deposit type contracts funds	290,841	-	290,841	257,693
Payments on supplementary contracts with life contingencies	1,441,373	-	1,441,373	1,369,942
Increase in aggregate reserves for life and A&H contracts	26,353,263	-	26,353,263	18,415,281
Totals	\$ 80,938,784	\$ -	\$ 80,938,784	\$ 72,895,191
Commissions on premiums, annuity considerations, and deposit type contract funds	5,187,230	-	5,187,230	5,185,354
General insurance expenses and fraternal expenses	11,344,382	-	11,344,382	12,038,751
Insurance taxes, licenses and fees	171,355	-	171,355	152,465
Increase on loading on deferred and uncollected premiums	(12,861)	-	(12,861)	388
Aggregate write-ins for deductions	224,883	-	224,883	17,938
Totals	\$ 97,853,773	\$ -	\$ 97,853,773	\$ 90,290,087
Net gain from operations before refunds to members	\$ 5,731,494	\$ -	\$ 5,731,494	\$ 6,416,919
Refunds to members	1,088,844	-	1,088,844	1,737,686
Net gain from operations after refunds to members and before realized capital gains	\$ 4,642,650	\$ -	\$ 4,642,650	\$ 4,679,233
Net realized capital gains (losses)	357,180	-	357,180	(5,381,982)
Net income	\$ 4,999,830	\$ -	\$ 4,999,830	\$ (702,749)

MENNONITE MUTUAL AID ASSOCIATION

FINANCIAL STATEMENTS

Surplus Account

	As of December 31, 2009			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Surplus Account:				
Surplus, December 31, prior year	\$ 85,759,467	\$ -	\$ 85,759,467	\$ 88,558,776
Net income	\$ 4,999,830	\$ -	\$ 4,999,830	\$ (702,750)
Change in net unrealized capital gains (losses)	(3,643,185)	-	(3,643,185)	(969,847)
Change in nonadmitted assets	3,323,468	-	3,323,468	(5,473,773)
Change in asset valuation reserve	814,675	-	814,675	4,347,060
Aggregate write-ins for gains and losses in surplus:	(9,843,784)	-	(9,843,784)	-
Net change surplus for the year	\$ (4,348,996)	\$ -	\$ (4,348,996)	\$ (2,799,310)
Surplus, December 31, current year	\$ 81,410,471	\$ -	\$ 81,410,471	\$ 85,759,466

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2009, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

There were no significant findings made as a result of this examination. In addition, the Association has complied with the comments made in the prior report of examination.

SUBSEQUENT EVENTS

Subsequent to the examination date and prior to the completion of fieldwork, the Association received approval from the IDOI to change its name to **Everence Association, Inc.** The name change was effective as of August 5, 2010.

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 IDOI.

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 Huff, Thomas & Company, hereinafter collectively referred to as the "Examiners" performed an examination of the **Mennonite Mutual Aid Association** as of **December 31, 2009**.

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 2010 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 **Mennonite Mutual Aid Association** as of **December 31, 2009** as determined by the undersigned.



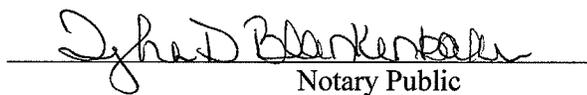
Patrick Huth, CFE
Huff, Thomas & Company

State of: Indiana
County of: Marion

On this 27 day of Sept, 2010, before me personally appeared, Patrick Huth, to sign this document.

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

My commission expires 03/25/15



Notary Public

