

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

IN THE MATTER OF:)
)
Remington Farmers Mutual Insurance Company)
48 South Ohio Street, PO Box 68)
Remington, Indiana 47977)

**Examination of Remington Farmers Mutual
Insurance Company**

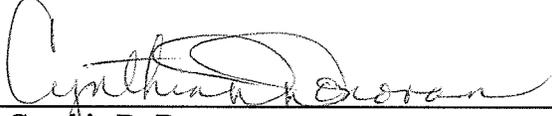
NOTICE OF ENTRY OF ORDER

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 **Remington Farmers Mutual Insurance Company**, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 the **Remington 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.

4/12/2011
Date


Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4443 8073

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**Examination of Remington Farmers Mutual
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FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the **Remington Farmers Mutual Insurance Company** (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 January 18, 2011.

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 March 8, 2011 and was received by the Company on March 10, 2011.

On March 23, 2011, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

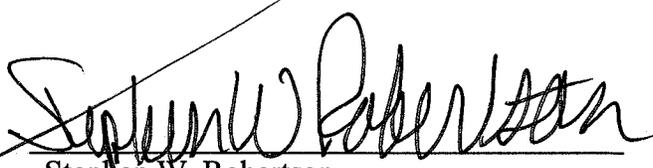
1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2009.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 12th day of April, 2011.


Stephen W. Robertson
Insurance Commissioner

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

REMINGTON FARMERS MUTUAL INSURANCE COMPANY

NAIC Co. CODE 92285

As of

December 31, 2009



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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

January 19, 2011

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

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3654, an examination has been made of the affairs and financial condition of:

Remington Farmers Mutual Insurance Company
48 South Ohio Street P.O. Box 68
Remington, IN 47977

hereinafter referred to as the "Company", an Indiana-domiciled, farm mutual insurance company. The examination was conducted at the Company's corporate offices in Remington, Indiana.

The Report of Examination, reflecting the status of the Company 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 Company was last examined by representatives of the Indiana Department of Insurance as of December 31, 2004. The present examination, covering the period from January 1, 2005, through December 31, 2009, was conducted by Noble Consulting Services, Inc. and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

We conducted our examination pursuant to and in accordance with the 2010 NAIC Financial Condition Examiners 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.

HISTORY

The Company was organized on January 2, 1897, as Farmers Mutual Insurance Association of Benton. The Company elected to come under Chapter 145, Acts 1919, at that time the Company changed its name to its present name Remington Farmers Mutual Insurance Company, which was repealed by Acts 1972, P.L. 129-2003 and restated as Indiana Code (IC) 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 such losses on the mutual plan.

CAPITAL AND SURPLUS

As of December 31, 2009, the Company had surplus of \$3,002,381 and had 1,180 members, who are the owners of the Company.

TERRITORY AND PLAN OF OPERATION

In accordance with the farm mutual laws, the Company may issue policies solely within the state of Indiana. As of December 31, 2009, the Company was transacting business in 46 counties, primarily in northern Indiana.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Member Surplus</u>	<u>Net Premium Written</u>	<u>Net Losses Paid</u>
2009	\$ 4,109,413	\$ 1,107,032	\$ 3,002,381	\$ 1,339,339	\$ 580,260
2008	3,964,533	1,164,913	2,799,620	1,419,110	963,388
2007	4,053,272	1,315,457	2,737,815	318,188	1,328,450
2006	3,514,537	1,225,061	2,289,476	1,449,334	1,221,370
2005	3,241,624	968,094	2,273,530	1,445,878	435,680

MANAGEMENT AND CONTROL

Members

Members (policyholders) of the Company are considered its owners. An annual meeting of members is held each year for the purpose of electing a Board of Directors and addressing such other business as may come before it. Each member is entitled to one vote for each issue where a vote is taken.

Directors

The corporate powers of the Company are vested in a Board of Directors consisting of seven members. Directors serve a term of three years. No more than three terms shall end at one time. The following persons were serving as directors at December 31, 2009:

<u>Name of Director</u>	<u>Residence</u>	<u>Board Title</u>
Donald Miller	Goodland, IN	President
Cecil Zacher	Rensselaer, IN	Vice-President
Gerald Nesius	Rensselaer, IN	Vice-President
William DeVries	DeMotte, IN	Secretary/Treasurer
Donald Putt	Remington, IN	Member
Linda S. Ruemler	Chalmers, IN	Member
Gordon Denton	Chalmers, IN	Member

Officers

The officers of the Company consist of a president, two vice presidents, secretary, and treasurer. Officers are elected at the annual Board meeting in April and serve for a term of one year.

CONFLICT OF INTEREST

The Company requires officers and Directors to review and sign Conflict of Interest Statements on an annual basis. Per review of the signed statements, it was noted that the Directors and officers listed in the management and control section of this report had reviewed and signed their statements.

OATH OF OFFICE

Indiana Code (IC) 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. Per review of the signed statements, it was noted that all Directors and officers listed in the management and control section of this report had signed statements.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

There were no amendments to the Articles of Incorporation or Bylaws during the examination period.

Minutes

Minutes from the Board of Directors meetings and the annual meeting of the members were reviewed for the period under examination through the fieldwork date. Minutes documented the Board's oversight of operations.

AFFILIATED COMPANIES

The Company wholly owns Remington Farm Mutual Agency, LLC, which was created to collect various commissions. The Agency has minimal activity and is combined in the Company's tax return. For this report, the Agency's one bank account is considered part of investments.

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 Western Surety Company. The bond has blanket coverage of \$100,000. Based on the admitted assets and gross income of the Company, the Company is in compliance with the prescribed minimum coverage specified by the NAIC.

STATUTORY DEPOSITS

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

REINSURANCE

Reinsurance Assumed

The Company assumed no reinsurance during the exam period.

Reinsurance Ceded

The Company's reinsurance program is written through Grinnell Mutual Reinsurance Company of Iowa. The 2009 policies are as follows:

In the Company's "Individual Occurrence Excess of Loss Reinsurance Agreement," the retention is \$200,000 and the coverage limit is 100% excess of retention. In the Company's "Aggregate Excess Reinsurance Agreement," the retention is \$916,227 and the coverage limit is 100% excess of retention.

Loss amounts that exceed \$1,000,000 for livestock/poultry/horse operations, commercial and public property, farm outbuildings, and dwellings are not considered in determining the Aggregate Net Loss.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records and supporting data were reviewed and tested to the extent deemed necessary. The Company uses an accounting system for their general ledger and uses it to create trial balances at year-end. Material balances reflected in the December 31, 2009, Annual Statement and trial balance were agreed to supporting documentation.

Remington Farmers Mutual Insurance Company

Financial Statements

Assets, Liabilities, and Surplus

	As of December 31, 2009			December 31, 2008
	Per Annual Statement	Examination Adjustments	Per Examination	
Assets:				
Bonds	\$ 2,788,453		\$ 2,788,453	\$ 3,128,193
Stocks	515,106		515,106	442,079
Bank balances				
Subject to check	161,717		161,717	143,507
On interest	483,340		483,340	83,241
Real estate	26,484		26,484	27,210
Unpaid premiums due after 11/1	16,002		16,002	16,764
Accrued interest	42,128		42,128	41,518
State income taxes recoverable	14,292		14,292	22,307
Federal income taxes recoverable	51,683		51,683	53,456
Investment in RFM Agency	9,616		9,616	6,258
Other assets	592		592	
Total Assets	\$ 4,109,413		\$ 4,109,413	\$ 3,964,533
Liabilities and Surplus				
Unpaid claims (reported)	\$ 231,630	\$ 200,000	\$ 431,630	\$ 318,139
Less: reinsurance recoverable		(200,000)	(200,000)	
Net unpaid claims	231,630		231,630	318,139
Taxes payable	1,000		1,000	1,300
Other unpaid expenses	43,785		43,785	49,958
Premiums received in advance	38,634		38,634	38,634
Unearned premium reserve	791,983		791,983	756,856
Accrued payroll taxes				26
Total liabilities	1,107,032		1,107,032	1,164,913
Surplus	3,002,381		3,002,381	2,799,620
Total liabilities and surplus	\$ 4,109,413		\$ 4,109,413	\$ 3,964,533

Remington Farmers Mutual Insurance Company

Financial Statements

Statement of Income

	* Per Annual Statement	Examination Adjustments	Per Examination	December 31, 2008
Net Ledger Assets, January 1,	\$ 2,799,620		\$ 2,799,620	\$ 2,737,815
Income:				
Premiums, net of reinsurance	1,339,339		1,339,339	1,419,110
Net interest received on bonds	124,276		124,276	127,116
Increase in adjustment of bonds	(3,357)		(3,357)	(4,663)
Dividends received	12,611		12,611	17,233
Interest received on bank deposits	162		162	197
Profit on sale of investment				4,207
Federal income tax refund				31,075
Miscellaneous income	3,358		3,358	2,959
Salvage and subrogation				390
State income tax refund				8,154
Total income	1,476,389		1,476,389	1,605,778
Disbursements:				
Losses, net of reinsurance	580,260		580,260	963,388
Operating expenses	643,180		643,180	569,823
Non-operating expenses	107,917	(57,729)	50,188	10,762
Total disbursements	1,331,357	(57,729)	1,273,628	1,543,973
Net income	145,032	57,729	202,761	61,805
Net Ledger Assets, December 31,	\$ 2,944,652	\$ 57,729	\$ 3,002,381	\$ 2,799,620

* Statement amounts in this column may differ as a result of adjustments to more accurately reflect the appropriate amount(s).

COMMENTS ON THE FINANCIAL STATEMENTS

Other than the comments under significant findings, no other significant issues noted.

SUMMARY OF SIGNIFICANT FINDINGS

An examination adjustment was made to the Company's financial statements. Unpaid claims were originally stated, net of reinsurance recoverable. Unpaid claims were restated to reflect the gross liability and reinsurance recoverable was restated to reflect subsequent receipts.

SUBSEQUENT EVENTS

No significant subsequent events were noted.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, a completed management representation letter in the standard NAIC format was obtained. This letter was executed by key financial personnel of the Company and provided to the IDOI.

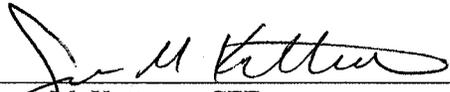
AFFIDAVIT

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 Noble Consulting Services, Inc., hereinafter collectively referred to as the "Examiners", performed an examination of **Remington Farmers Mutual Insurance Company**, as of **December 31, 2009**.

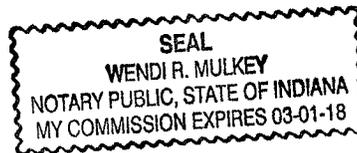
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the 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 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 **Remington Farmers Mutual Insurance Company**, as of **December 31, 2009**, as determined by the undersigned.



James M. Kattman, CFE
Noble Consulting Services, Inc.



State of:
County of:

On this 21 day of January 2011, before me personally appeared, James M. Kattman, 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: 3/1/18 