

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

IN THE MATTER OF:)
)
Widner Mutual Fire Insurance Association)
1 South Highway 159)
Freelandville, IN 47535)

Examination of: **Widner Mutual Fire Insurance 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 Widner Mutual Fire Insurance Association, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on December 3, 2015, 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 Widner Mutual Fire Insurance 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.

Date 1/13/2016 _____
Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 91 7190 0005 2720 0053 7956

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1 South Highway 159)
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Examination of: **Widner Mutual Fire Insurance Association**

FINDINGS AND FINAL ORDER

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

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on October 14, 2015.

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 December 3, 2015 and was received by the Company on December 7, 2015.

The Company did not file any objections.

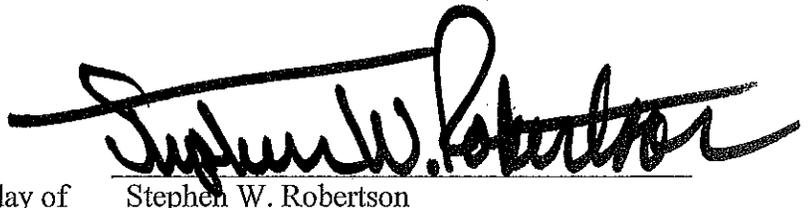
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Widner Mutual Fire Insurance Association as of December 31, 2014.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Widner Mutual Fire Insurance 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
January, 2016.



Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

A handwritten signature in black ink, appearing to read "Robert A. ...". The signature is written in a cursive style with a horizontal line extending to the right.

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

WIDNER MUTUAL FIRE INSURANCE ASSOCIATION

NAIC Co. CODE 92279

As of

December 31, 2014

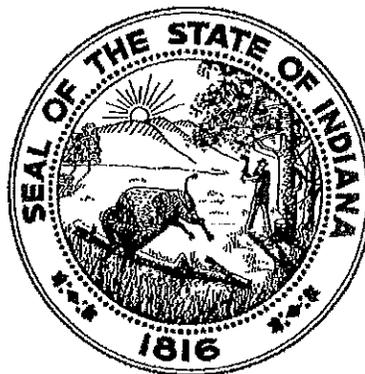


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STATE OF INDIANA

IDOI

MICHAEL R. PENCE, Governor

Indiana Department of Insurance

311 W. Washington Street, Suite 103

Indianapolis, Indiana 46204-2787

Telephone: (317) 232-2385

Fax: (317) 232-5251

Stephen W. Robertson, Commissioner

October 14, 2015

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

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3877, an examination has been made of the affairs and financial condition of:

Widner Mutual Fire Insurance Association
1 South Highway 159
Freelandville, Indiana 47535

hereinafter referred to as the "Company", an Indiana domiciled, farm mutual insurance company. The examination was conducted at the offices of the Company in Freelandville, Indiana and the offices of Noble Consulting Services, Inc., in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2014, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
1-800-677-6661

EXAMINATIONS/FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES/COMPANY RECORDS
(317) 232-1991

STATE HEALTH INSURANCE
1-800-332-46

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2009. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2010 through December 31, 2014, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

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

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company was organized in 1883 and elected to operate under Chapter 145, Acts 1919; Indiana Code (IC) 27-5.1, as it pertains to farm mutual insurance companies.

CAPITAL AND SURPLUS

As of December 31, 2014, the Company had surplus as adjusted in the examination of \$2,753,549 and approximately 350 policyholders, who are the owners of the Company.

TERRITORY AND PLAN OF OPERATION

The Company provides dwellings and content, grain, livestock, machinery and equipment, outbuildings, seed, and supplies coverage. The Company conducts business in the Indiana counties of Davies, Greene, Knox, Lawrence, Sullivan, and Vigo.

GROWTH OF THE COMPANY

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

Year	Admitted		
	Assets	Liabilities	Surplus
2014	\$ 2,882,904	\$ 129,355 ^A	\$ 2,753,549 ^A
2013	2,738,768	111,877 ^B	2,626,891 ^B
2012	2,476,925	207,814	2,269,111
2011	2,313,672	177,345	2,136,327
2010	2,229,248	139,288	2,089,960

^A 2014 Liabilities and surplus have been adjusted, per the examination. See the Financial Statements section.

^B 2013 surplus was increased by \$118,777 to record a decrease in claims payable as of December 31, 2013.

MANAGEMENT AND CONTROL

Directors

The Board of Directors (Board) shall consist of nine (9) members who shall be elected at each annual meeting by a majority vote of membership represented at the annual meeting of membership. Such directors shall hold office for a period of three (3) years, but the initial Board shall be divided into three (3) groups with the first three (3) elected serving one (1) year, the second three (3) elected serving two (2) years, and the third three (3) elected serving a period of three (3) years. The following is a listing of persons serving as directors as of December 31, 2014:

Name	Address
William Albrecht	Bicknell, Indiana
Bill Brocksmith	Oaktown, Indiana
Harley Hagemeyer	Westphalia, Indiana
Dennis Kahre	Edwardsport, Indiana
Bruce Pepmeier	Oaktown, Indiana
Terry Perkins	Oaktown, Indiana
Don Pieper	Bicknell, Indiana
Paul Schroeder	Westphalia, Indiana
John Telligman	Oaktown, Indiana

Officers

The officers of the Company shall consist of a President, a Vice President, a Secretary-Treasurer, and other such positions as the membership may from time to time determine necessary. The President and Vice President shall be elected by the Board and the Secretary-Treasurer shall be appointed by the Board. The following is a list of key officers and their respective titles as of December 31, 2014.

<u>Name</u>	<u>Office</u>
William Albrecht	President
Bruce Pepmeier	Vice President
Cynthia Schuckman	Secretary and Treasurer

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2014.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2014.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board minutes and the minutes from the annual meetings of membership were reviewed for the period under examination, through the fieldwork date. No significant issues or events were noted.

AFFILIATED COMPANIES

The Company does not have any affiliated companies.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Western Surety Company. The bond has a coverage limit of \$75,000. 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, 2014, including but not limited to, commercial general liability, directors and officers liability, employers liability, and professional liability.

STATUTORY DEPOSITS

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

REINSURANCE

During the examination period, the Company purchased reinsurance from Grinnell Mutual Reinsurance Company (Grinnell) as follows:

- *Individual Occurrence of Loss Excess* – The Company's retention was \$75,000 for 2014 and the coverage limit was 100% above the retention subject to limitations.
- *Aggregate Excess* – The Company's retention was \$85,665 for 2014 and the coverage limit was 100% of unlimited losses above retention.
- *Facultative* – Rates shall be determined by Grinnell on an individual basis. The Company agrees to provide Grinnell with all necessary information about the risk. Grinnell shall determine which risks are acceptable for facultative reinsurance.
- *Pollution Clean Up and Removal* – The Company shall cede 100% of the liability it assumes on coverage insured by the Pollution Clean Up and Removal Coverage Endorsement.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2013 and 2014, were agreed to the respective Annual Statements.

WIDNER MUTUAL FIRE INSURANCE ASSOCIATION
Assets, Liabilities and Surplus
As of December 31, 2014

	Per Annual Statement	Examination Adjustments	Per Examination
Bonds	\$ 509,730	\$ -	\$ 509,730
Stocks	1,294,276	-	1,294,276
Bank Balances			
Subject to check	79,396	-	79,396
On interest	909,931	-	909,931
Collateral loans	75,000	-	75,000
Real estate	689	-	689
Cash in office	106	-	106
Unpaid Premiums			
Due after November 1	5,652	-	5,652
Accrued interest	8,124	-	8,124
Totals	<u>\$ 2,882,904</u>	<u>\$ -</u>	<u>\$ 2,882,904</u>
Unpaid claims (reported)	\$ 82,000	\$ (63,700)	\$ 18,300
Unpaid claims (incurred but not reported)	12,000	(12,000)	-
Net unpaid claims	94,000	(75,700)	18,300
Ceded reinsurance balances payable	4,303	-	4,303
Amounts withheld for the account of others	1,340	-	1,340
Taxes payable	1,320	-	1,320
Other unpaid expenses	585	-	585
Premiums collected for other companies – not remitted	526	-	526
Unearned premium reserve	102,981	-	102,981
Total liabilities	<u>205,055</u>	<u>(75,700)</u>	<u>129,355</u>
Surplus	<u>2,677,849</u>	<u>75,700</u>	<u>2,753,549</u>
Total liabilities and surplus	<u>\$ 2,882,904</u>	<u>\$ -</u>	<u>\$ 2,882,904</u>

WIDNER MUTUAL FIRE INSURANCE ASSOCIATION
Income Statement and Change in Surplus
For the Year Ended December 31, 2014

	Per Annual Statement	Examination Adjustments	Per Examination
INCOME			
Direct premiums written	\$ 208,541	\$ -	\$ 208,541
Less: Reinsurance premiums ceded	(50,838)	-	(50,838)
Total net premiums	157,703	-	157,703
Income from investments	92,647	-	92,647
Other income	32,496	-	32,496
Total income	\$ 282,846	\$ -	\$ 282,846
DISBURSEMENTS			
Direct losses	\$ 53,121	\$ -	\$ 53,121
Operating expenses	101,562	-	101,562
Non-operating expenses	5,820	-	5,820
Total disbursements	160,503	-	160,503
Net income	122,343	-	122,343
Change in accrued assets and liabilities ^A	24,368	(43,077)	(18,709)
Unrealized gain	23,024	-	23,024
Surplus, beginning of period ^B	2,508,114	118,777	2,626,891
Surplus, end of period	\$ 2,677,849	\$ 75,700	\$ 2,753,549

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

^B 2013 surplus was increased by \$118,777 to record a decrease in claims payable as of December 31, 2013.

COMMENTS ON THE FINANCIAL STATEMENTS

The Company overstated reported amounts in its financial statements for unpaid claims (incurred but not reported) and unpaid claims (reported) as of December 31, 2014. Examination adjustments totaling \$75,700 were made to correct these errors.

OTHER SIGNIFICANT ISSUES

There were no significant issues found during the examination period requiring disclosure in this Report of Examination.

SUBSEQUENT EVENTS

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

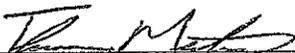
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., performed an examination of Widner Mutual Fire Insurance Association as of December 31, 2014.

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

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

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

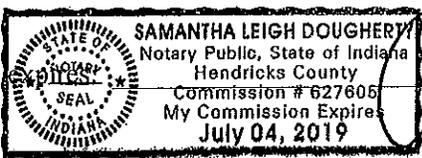


Tom Masterson, CFE
Noble Consulting Services, Inc.

State of: Indiana
County of: Marion

On this 5 day of November 2015, before me personally appeared, Tom Masterson, to sign this document.

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

My commission expires  _____
Notary Public

