

Report of the Examination of  
Mt. Morris Mutual Insurance Company  
Coloma, Wisconsin  
As of December 31, 2021

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January 9, 2023

Honorable Nathan D. Houdek  
Commissioner of Insurance  
State of Wisconsin  
125 South Webster Street  
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

MT. MORRIS MUTUAL INSURANCE COMPANY  
Coloma, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Mt. Morris Mutual Insurance Company (the company) was conducted in 2017 as of December 31, 2016. The current examination covered the intervening period ending December 31, 2021, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination was conducted using a modified risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect financial condition, either currently or prospectively), and document the system controls and procedures used to mitigate those risks. The approach was modified to focus on the significant financial statement balances and transactions.

All significant accounts and activities of the company were considered in accordance with the modified risk-focused examination process. This includes assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual

statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

In addition to auditing, the public accounting firm performs non-auditing services for the company, including bookkeeping assistance in connection with the year-end close, assistance with the preparation of the annual statement, and tax return preparation. On June 9, 2014, an exemption was granted by the commissioner, pursuant to s. Ins 50.08 (4), Wis. Adm. Code, permitting the independent auditor to perform this non-audit work for the company.

## II. HISTORY AND PLAN OF OPERATION

The company was organized in 1876 as Mt. Morris Norwegian Mutual Fire Insurance Company, a town mutual insurer. The name of the company was changed to Mt. Morris Mutual Insurance Company through subsequent amendments to its articles and bylaws. In 1997, the company filed for and was granted permission to convert to an assessable domestic mutual under ch. 611, Wis. Stat. In 2004, the company was granted permission to become a non-assessable domestic mutual under ch. 611, Wis. Stat. In addition, the company is under a Stipulation & Order from the Commissioner, effective March 20, 2018, setting forth the special provisions regarding the lines of business, reinsurance, and capital requirements for a converted town-mutual insurer. The company's home office is located in Coloma, Wisconsin.

The company has been the acquiring party in a succession of mergers. The company absorbed all of the assets and assumed all of the liabilities of Aurora Mutual Fire Insurance Company on March 31, 1983; Arkdale Mutual Fire Insurance Company on January 1, 1990; Oakfield Mutual Insurance Company on January 1, 1998; and Wonewoc Farmers Mutual Insurance Company on September 1, 1999. These mergers were all with town mutual insurance companies. There have been no mergers or acquisitions during the examination period.

The company is authorized to transact the business of insurance in all Wisconsin counties. The major products marketed by the company include Farmowners' Multi-Peril, Homeowners' Multi-Peril, Commercial Multi-Peril, Allied Lines, Fire, and Automobile. These lines of business are in compliance with the Stipulation & Order. The company was approved to sell automobile insurance on a direct basis on December 29, 2006. The major products are marketed through approximately 110 independent agencies and independent agents. The company uses standard contract forms and commission schedules for its agents.

The following table is a summary of the net insurance premiums written by the company in 2021. The growth of the company is discussed in the “Financial Data” section of this report.

<b>Line of Business</b>	<b>Direct Premium</b>	<b>Reinsurance Assumed</b>	<b>Reinsurance Ceded</b>	<b>Net Premium</b>
Fire	\$ 653,544	\$	\$ 31,148	\$ 522,396
Allied lines	962,797		193,206	769,591
Farmowners multiple peril	11,311,773		2,372,400	8,939,373
Homeowners multiple peril	8,167,259		1,638,936	6,528,323
Commercial multiple peril	2,477,071		497,077	1,979,994
Other liability – occurrence	822,399	72,228	671,172	223,455
Private passenger auto liability	3,330,214		288,993	3,041,221
Commercial auto liability	420,866		36,522	384,344
Auto physical damage	4,002,066		803,101	3,198,965
Boiler and machinery	<u>283,522</u>	<u>                    </u>	<u>56,895</u>	<u>226,627</u>
<b>Total All Lines</b>	<b><u>\$32,431,511</u></b>	<b><u>\$72,228</u></b>	<b><u>\$6,689,450</u></b>	<b><u>\$25,814,289</u></b>

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of nine members. Three directors are elected annually to serve a three-year term. Officers are elected at the board's annual meeting.

Currently, the board of directors consists of the following persons:

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Connie Weber Coloma, WI	Secretary/VP-Operations	2023
Daniel Fenske Coloma, WI	President/CEO	2023
Glenn Thalacker Montello, WI	Retired WI. Gas Corp.	2023
Greg Walker Berlin, WI	Insurance Agent	2022
Jeffrey Nichols Mukwonago, WI	Lawyer	2022
Raymond Hutchinson Weyauwega, WI	Retired - Agency owner	2024
Robert Ebben Nekoosa, WI	Financial Advisor, Edward Jones	2022
Robert Hoefs Hillsboro, WI	Retired Businessowner	2024
Robert Zimpel Plainfield, WI	Owner - TH Agri-Chemicals	2024

#### Officers of the Company

The officers serving at the time of this examination are as follows:

<b>Name</b>	<b>Office</b>
Daniel Fenske	President/CEO
Robert Zimpel	Treasurer
Connie Weber	Secretary/VP-Operations
Danielle Loeffler	VP-Policy Services
Cathy Atkinson	VP-Claims

## **Committees of the Board**

The company's bylaws allow for the formation of certain committees by the board of directors.

The committees at the time of the examination are listed below:

### **Corporate Governance Committee**

Jeff Nichols, Chair  
Greg Walker  
Robert Ebben  
Robert Hoefs  
Daniel Fenske  
Connie Weber

### **Compensation Committee**

Glenn Thalacker, Chair  
Robert Zimpel  
Robert Hoefs  
Daniel Fenske (non-voting member)  
Connie Weber (non-voting member)

### **Nomination Committee**

Robert Zimpel, Chair  
Ray Hutchinson  
Robert Hoefs

### **Audit Committee**

Ray Hutchinson, Chair  
Jeff Nichols  
Robert Hoefs  
Daniel Fenske (non-voting member)  
Connie Weber (non-voting member)

### **Finance & Asset Mgt. Committee**

Robert Hoefs, Chair  
Robert Ebben  
Robert Zimpel  
Daniel Fenske  
Connie Weber



#### IV. REINSURANCE

The company's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

The company is party to an Interests and Liabilities contract and assumes less than 1% liability from a mandatory pool. The lines of business covered include liability lines such as D&O. This pool does not present a significant risk to the company.

The company utilizes a reinsurance broker for its ceded reinsurance program. All participating reinsurers must have an AM Best rating of "A-" with a "Stable" or "Positive" outlook. Below is a summary of the company's ceded reinsurance program as of 1/1/22:

##### Nonaffiliated Ceding Contracts

1. Type: Excess of Loss  
Reinsurer: XL Reinsurance America Inc.  
Scope: Property business (with limits greater than \$3,000,000)  
Retention: The company shall retain the first \$3,000,000 of the Ultimate Net Loss as respects any one location, each loss.  
Coverage: The reinsurer shall be liable for the amount by which such Ultimate Net Loss exceeds the company's retention, but the liability of the reinsurer shall not exceed \$5,000,000 as respects any one location, each loss.  
Effective date: January 1, 2022  
Termination: January 1, 2023
  
2. Type: Multi-Line Excess of Loss  
Reinsurer: Various as brokered through BMS Intermediaries. See Exhibit A at the end of this section.  
Scope: Section A: Property  
Section B: Casualty  
Section C: Automobile  
  
Retention: 

	<u>First Excess</u>	<u>Second Excess</u>
Section A:	\$225,000	\$1,000,000

	Section B:	\$225,000	\$1,000,000
	Section C:	\$150,000	N/A
		<u>First Excess</u>	<u>Second Excess</u>
Coverage:	Section A: (Per Risk)	\$775,000	\$2,000,000
	Section A: (Per Occurrence)	\$2,325,000	\$6,000,000
	Section B: (Per Occurrence)	\$775,000	\$1,000,000
	Section C: (Per Occurrence)	\$775,000	N/A
Effective date:	January 1, 2022		
Termination:	January 1, 2023		
3. Type:	Property Aggregate Excess of Loss		
Reinsurer:	Farmers Mutual Hail Insurance Company of Iowa – 50% Grinnell Mutual Reinsurance Company – 50%		
Scope:	Property business including Automobile Physical Damage		
Retention:	The company cannot file a claim until the ultimate net loss exceeds 79% of the company's net earned premium for the term of the agreement.		
Coverage:	The reinsurer will be liable for 100% of the ultimate net loss excess of the retention limit and shall not exceed \$1,500,000 during the term of the agreement.		
Effective date:	January 1, 2022		
Termination:	January 1, 2023		
4. Type:	Property CAT Excess of Loss		
Reinsurer:	Various as brokered through BMS Intermediaries. See Exhibit B at the end of this section.		
Scope:	Property business including Automobile Physical Damage		
Retention:	<u>First Excess</u>	<u>Second Excess</u>	<u>Third Excess</u>
	\$1,000,000	\$5,000,000	\$9,500,000
Coverage:	Per Occurrence:		
	<u>First Excess</u>	<u>Second Excess</u>	<u>Third Excess</u>
	\$4,000,000	\$4,500,000	\$5,000,000
	Term Limit:		
	<u>First Excess</u>	<u>Second Excess</u>	<u>Third Excess</u>
	\$8,000,000	\$9,000,000	\$10,000,000

- Effective date: January 1, 2022
- Termination: January 1, 2023
5. Type: Aggregate Property CAT Excess of Loss
- Reinsurer: Grinnell Mutual Reinsurance Company
- Scope: Property business including Automobile Physical Damage
- Retention: The company cannot file a claim until the ultimate net loss arising out of a loss occurrence exceeds \$1,750,000 in the aggregate.
- Coverage: The reinsurer will be liable for 100% of the ultimate net loss excess of the retention limit and shall not exceed \$1,250,000 for all loss occurrences during the term of the agreement.
- Effective date: January 1, 2022
- Termination: January 1, 2023
6. Type: Ultimate Liability Quota Share
- Reinsurer: Various as brokered through BMS Intermediaries. See Exhibit C at the end of this section.
- Scope: All Business classified as Ultimate Liability business.
- Retention: Section A: The company retains 5% of the net loss of \$1,000,000 each and every occurrence, each and every policy.
- Section B: The company retains 0% of the net loss exceeding \$1,000,000 each and every occurrence.
- Coverage: Section A: The reinsurer shall be liable for 95% of the net loss of \$1,000,000 each and every occurrence, each and every policy.
- Section B: The reinsurer shall be liable for 100% of the net loss exceeding \$1,000,000 each and every occurrence, each and every policy. The reinsurer shall not be liable for more than \$4,000,000 each and every occurrence, each and every policy.
- Effective date: January 1, 2022
- Termination: January 1, 2023

## **V. FINANCIAL DATA**

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2021, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

**Mt. Morris Mutual Insurance Company**  
**Assets**  
**As of December 31, 2021**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$20,691,527	\$	\$20,691,527
Stocks:			
Preferred stocks	96,000		96,000
Common stocks	19,067,664		19,067,664
Real estate:			
Occupied by the company	3,071,867		3,071,867
Properties held for the production of income	86,941		86,941
Cash, cash equivalents, and short-term investments	2,840,065		2,840,065
Investment income due and accrued	199,489		199,489
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	144,394	3,361	141,033
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	6,476,114		6,476,114
Reinsurance:			
Amounts recoverable from reinsurers	395,237		395,237
Funds held by or deposited with reinsured companies	114,538		114,538
Other amounts receivable under reinsurance contracts	44,997		44,997
Current federal and foreign income tax recoverable and interest thereon	679,318		679,318
Electronic data processing equipment and software	35,969		35,969
Furniture and equipment, including health care delivery assets	202,148	202,148	
Write-ins for other than invested assets:			
Prepaid Expenses	<u>72,418</u>	<u>72,418</u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$54,218,686</u></b>	<b><u>\$277,927</u></b>	<b><u>\$53,940,759</u></b>

**Mt. Morris Mutual Insurance Company**  
**Liabilities, Surplus, and Other Funds**  
**As of December 31, 2021**

Losses		\$7,465,540
Loss adjustment expenses		1,069,019
Commissions payable, contingent commissions, and other similar charges		1,890,591
Other expenses (excluding taxes, licenses, and fees)		392,686
Taxes, licenses, and fees (excluding federal and foreign income taxes)		(210,346)
Net deferred tax liability		358,000
Unearned premiums		15,843,533
Advance premium		332,621
Ceded reinsurance premiums payable (net of ceding commissions)		<u>1,028,011</u>
Total Liabilities		28,169,665
Unassigned funds (surplus)	<u>\$25,771,104</u>	
Surplus as Regards Policyholders		<u>25,771,104</u>
Total Liabilities and Surplus		<u>\$53,940,759</u>

**Mt. Morris Mutual Insurance Company**  
**Summary of Operations**  
**For the Year 2021**

<b>Underwriting Income</b>		
Premiums earned		\$25,017,352
Deductions:		
Losses incurred	\$17,168,736	
Loss adjustment expenses incurred	1,708,256	
Other underwriting expenses incurred	<u>8,765,347</u>	
Total underwriting deductions		<u>27,642,339</u>
Net underwriting gain (loss)		(2,624,987)
<b>Investment Income</b>		
Net investment income earned	994,308	
Net realized capital gains (losses)	<u>719,782</u>	
Net investment gain (loss)		1,714,090
<b>Other Income</b>		
Net gain (loss) from agents' or premium balances charged off	4,828	
Finance and service charges not included in premiums	123,540	
Write-ins for miscellaneous income:		
Forgiveness of debt	380,900	
Miscellaneous Expense	<u>(3,436)</u>	
Total other income		<u>505,832</u>
Net income (loss) before dividends to policyholders and before federal and foreign income taxes		<u>(405,065)</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		(405,065)
Federal and foreign income taxes incurred		<u>(203,743)</u>
Net Income (Loss)		<u>\$ (201,322)</u>

**Mt. Morris Mutual Insurance Company**  
**Cash Flow**  
**For the Year 2021**

Premiums collected net of reinsurance		\$26,716,993
Net investment income		1,104,810
Miscellaneous income		<u>(8,635)</u>
Total		27,813,168
Benefit- and loss-related payments	\$16,969,583	
Commissions, expenses paid, and aggregate write-ins for deductions	10,581,233	
Federal and foreign income taxes paid (recovered)	<u>120,000</u>	
Total deductions		<u>27,670,816</u>
Net cash from operations		142,352
Proceeds from investments sold, matured, or repaid:		
Bonds	\$1,415,000	
Stocks	3,116,041	
Total investment proceeds		4,531,041
Cost of investments acquired (long- term only):		
Bonds	2,677,801	
Stocks	414,996	
Real estate	24,089	
Total investments acquired	<u>3,116,887</u>	
Net cash from investments		1,414,154
Cash from financing and miscellaneous sources:		
Other cash provided (applied)	<u>34,787</u>	
Net cash from financing and miscellaneous sources		<u>34,787</u>
<b>Reconciliation:</b>		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		
		1,591,293
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>1,248,772</u>
End of Year		<u>\$ 2,840,065</u>



**Mt. Morris Mutual Insurance Company  
Compulsory and Security Surplus Calculation  
December 31, 2021**

Assets		\$53,940,759
Less liabilities		<u>28,169,655</u>
Adjusted surplus		25,771,104
Annual premium:		
Lines other than accident and health	\$32,431,511	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>6,486,302</u>
Compulsory Surplus Excess (Deficit)		<u>\$19,284,802</u>
Adjusted surplus (from above)		\$25,771,104
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum factor of 110%)		<u>9,080,823</u>
Security Surplus Excess (Deficit)		<u>\$16,690,281</u>

**Mt. Morris Mutual Insurance Company  
Analysis of Surplus  
For the Five-Year Period Ending December 31, 2021**

The following schedule details items affecting surplus during the period under examination as reported by the company in its filed annual statements:

	2021	2020	2019	2018	2017
Surplus, beginning of year	\$24,795,448	\$23,821,479	\$21,639,592	\$20,024,788	\$17,785,056
Net income	(201,322)	1,460,609	553,485	1,750,377	1,575,959
Change in net unrealized capital gains/losses	990,450	(366,145)	1,722,679	(280,323)	1,115,898
Change in net deferred income tax	172,000	65,000	(112,000)	59,000	(338,000)
Change in nonadmitted assets	<u>14,528</u>	<u>(185,495)</u>	<u>17,723</u>	<u>85,750</u>	<u>(114,125)</u>
Surplus, End of Year	<u>\$25,771,104</u>	<u>\$24,795,448</u>	<u>\$23,821,479</u>	<u>\$21,639,592</u>	<u>\$20,024,788</u>

**Mt. Morris Mutual Insurance Company  
Insurance Regulatory Information System  
For the Five-Year Period Ending December 31, 2021**

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. There were no unusual results.

Ratio	2021	2020	2019	2018	2017
#1 Gross Premium to Surplus	126%	124%	126%	136%	133%
#2 Net Premium to Surplus	100	104	101	112	108
#3 Change in Net Premiums Written	0	7	-0	11	8
#4 Surplus Aid to Surplus	0	0	0	0	0
#5 Two-Year Overall Operating Ratio	98	95	93	89	83
#6 Investment Yield	2.2	2.2	3	3.2	3.3
#7 Gross Change in Surplus	4	4	10	8	13
#8 Change in Adjusted Surplus	4	4	10	8	13
#9 Liabilities to Liquid Assets	51	50	48	45	44
#10 Agents' Balances to Surplus	1	0	0	1	1
#11 One-Year Reserve Development to Surplus	1	2	-4	-5	-4
#12 Two-Year Reserve Development to Surplus	4	0	-8	-8	0
#13 Estimated Current Reserve Deficiency to Surplus	-1	-5	-7	-8	-3

**Growth of Mt. Morris Mutual Insurance Company**  
(in thousands)

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2021	\$53,941	\$28,170	\$25,771	\$(201)
2020	51,075	26,280	24,795	1,461
2019	47,495	23,674	23,821	553
2018	44,659	23,019	21,640	1,750
2017	40,708	20,684	20,025	1,576
2016	36,354	18,569	17,785	2,805

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2021	\$32,504	\$25,814	\$25,017	75.5%	32.0%	107.5%
2020	30,828	25,745	25,163	62.7	33.5	96.2
2019	30,102	24,108	23,862	70.7	31.0	101.7
2018	29,330	24,205	22,848	62.1	31.3	93.4
2017	26,609	21,722	20,585	63.0	30.2	93.2
2016	24,041	20,093	18,962	49.6	31.5	81.1

The company experienced steady growth in Gross Premiums Written, Net Premiums Written, and Premiums Earned over the examination period, growing by 35.2%, 28.5%, and 31.9%, respectively. Policyholders Surplus grew considerably (by 44.9% over the past 5 years). The company experienced elevated combined ratios in 2019 and 2021. The results of 2019 were impacted by significant CAT event activity (including two CAT events attributed to a windstorm totaling \$6 million in losses). This was partially offset by increased upper-level CAT limits the company purchased years prior. Total gross claims volume for the 2019 year exceeded \$27.4 million. In 2021, CAT activity continued and included a December event that included 8 tornadoes (which was more than the last 70 years combined). The company's surplus grew by 4% in 2021 largely due to approximately \$990K in unrealized capital gains offsetting \$201K in net losses.

**Reconciliation of Surplus per Examination**

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2021, is accepted.

## VI. SUMMARY OF EXAMINATION RESULTS

### Compliance with Prior Examination Report Recommendations

There were five specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Annual Conflict of Interest Statements—It is recommended that the company's officers, directors, and key employees annually disclose all potential conflicts with their respective duties with the company in accordance with a directive of the Commissioner of Insurance.

Action—Compliance.

2. Investments - Policy—It is recommended that the board develop and approve an updated Investment Plan and submit it to this office within 60 days of adoption of this report. The updated Investment Plan should address: (1) The company's investment objectives, together with permitted and prohibited investments (as set-forth in ch. 620, Wis. Stat.); (2) Investment roles and responsibilities; and (3) How the performance of the investment portfolio and the investment advisor, if any, are to be evaluated

Action—Compliance.

3. Investments – Qualifications of the Custodian(s)—It is recommended that the company comply with s. 610.23, Wis. Stat., and immediately transfer the securities held with the trust company into a proper custodial arrangement with a qualified custodian (i.e. – a “bank” or “banking and trust” company); the custodial arrangement should be supported by a Custodial Agreement, executed by the custodian and the company, which contains the recommended provisions contained in the NAIC Financial Condition Examiners Handbook.

Action—Compliance.

4. Investments - Parties to the Custodial Agreement(s)—It is recommended that the company execute a Custodial Agreement naming its current custodian, U.S. Bank, as a party to the agreement.

Action—Compliance.

5. Reinsurance - Contingent Commissions—It is recommended that the company report its contingent commissions received from reinsurance on Schedule F - Part 3, Column 14 in accordance with the NAIC Annual Statement Instructions - Property/Casualty.

Action—Compliance.

**Summary of Current Examination Results**

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this examination.

## **VII. CONCLUSION**

The company experienced steady growth in Gross Premiums Written, Net Premiums Written, and Premiums Earned over the examination period, growing by 35.2%, 28.5%, and 31.9% respectively. Policyholders Surplus grew considerably (by 44.9% over the past 5 years). The company experienced elevated combined ratios in 2019 and 2021. The results of 2019 were impacted by significant CAT event activity (including two CAT events attributed to a windstorm totaling \$6 million in losses). This was partially offset by increased upper-level CAT limits the company purchased years prior. Total gross claims volume for the 2019 year exceeded \$27.4 million. In 2021, CAT activity continued and included a December event that included 8 tornadoes (which was more than the last 70 years combined). The company's surplus grew by 4% in 2021, largely due to approximately \$990K in unrealized capital gains offsetting \$201K in net losses.

## **VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this examination.



## IX. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of the company during the course of the examination are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

<b>Name</b>	<b>Title</b>
Marisa K. Rodgers	Insurance Financial Examiner- Advanced
Adam Donovan, CISSP	IT Specialist
Nick Hartwig, AFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Joshua R. Daggett  
Examiner-in-Charge