STATE OF NORTH DAKOTA

BISMARCK, NORTH DAKOTA

REPORT OF EXAMINATION

OF

FAMILY HOME MUTUAL INSURANCE COMPANY BISMARCK, NORTH DAKOTA

AS OF DECEMBER 31, 2024

STATE OF NORTH DAKOTA
INSURANCE AND SECURITIES DEPARTMENT

I, the undersigned, Insurance Commissioner of the State of North Dakota do hereby certify that I have compared the annexed copy of the Report of Examination of the

Family Home Mutual Insurance Company
Bismarck, North Dakota

as of December 31, 2024, with the original on file in this Department and that the same is a correct transcript therefrom and of the whole of said original.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City of Bismarck, this 8 day of October, 2026.

Jon Godfread
Insurance Commissioner

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Bismarck, North Dakota
August 27, 2026

Honorable Jon Godfread
Insurance Commissioner
North Dakota Insurance and Securities Department
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Commissioner:

Pursuant to your instructions and statutory requirements, an examination was made of the books, records and financial condition of

Family Home Mutual Insurance Company

Statutory Home Office
1710 Burnt Boat Drive, Ste. 1
Bismarck, North Dakota 58503

Family Home Mutual Insurance Company, hereinafter referred to as the "Company," was last examined as of December 31, 2019, by representatives of the State of North Dakota.

SCOPE OF STATUTORY EXAMINATION

This examination was a financial condition examination conducted in accordance with North Dakota Century Code (N.D.C.C.) § 26.1-03-19.3 and observed guidelines and procedures contained in the NAIC Financial Condition Examiners Handbook. The examination was conducted to determine the Company's financial condition, its compliance with statutes, and to review its corporate affairs and insurance operations. This statutory examination covers the period from January 1, 2020 to December 31, 2024, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this statutory examination.

STATUS OF PRIOR EXAM FINDINGS

This examination included a review to determine the status of the exception conditions commented upon in the preceding Report on Examination which covered the period from January 1, 2015, to December 31, 2019. The status of each prior finding is summarized below:

Recommendation	Status
It is recommended that the Company increase its Fidelity bond amount to $125,000.	Repeated
It is recommended that the Company implement procedures for monitoring asset concentrations to maintain compliance with N.D.C.C. § 26.1-05-19(20)(a).	Resolved
It is recommended that the Company include Deferred Premiums in its calculation of premiums in course of collection in accordance with the County Mutual Annual Statement Instructions.	Repeated
It is recommended that the Company include Liability and Equipment Breakdown premiums in its UPR figure.	Resolved
It is recommended that the Company book unearned premium reserves (UPR) based on annualized premiums per SSAP 53.	Resolved

The Department determined that the Company had satisfactorily addressed 3 of 5 prior findings. 2 findings are repeated in this examination.

SUBSEQUENT EVENTS

Effective September 4, 2025, Southwest Mutual Insurance Company, New Salem, North Dakota merged into the Company.

HISTORY

The Company was formed on April 8, 1999, through the consolidation of Cavalier County Farmers Mutual Insurance Company of Osnabrock, North Dakota and Farmers Mutual Fire, Lightning and Cyclone Insurance Company of Towner County, of Cando, North Dakota. The new insurance company was named Northeast Mutual Insurance Company.

The Company was organized to insure, make contracts of insurance, reinsure or accept reinsurance on any portion thereof, in all forms which are now authorized, or which may hereafter be authorized, under the laws of the State of North Dakota relating to county mutual companies as provided for in N.D.C.C. § 26.1-13. The Company has perpetual existence as provided under N.D.C.C. § 26.1-13-03.

Effective May 12, 1999, Pembina County Mutual Insurance Company, Cavalier, North Dakota merged into the Company.

Effective June 27, 2001, LaMoure-Greenfield Mutual Insurance Company, LaMoure, North Dakota merged into the Company.

Effective September 28, 2009, the Company changed its name to Family Mutual Insurance Company.

Effective July 30, 2019, the Company moved its home office from Cando to Bismarck.

Effective April 28, 2023, Home Mutual Insurance Company, Wahpeton, North Dakota, merged into the Company and thereafter adopted the name Family Home Mutual Insurance Company.

MANAGEMENT AND CONTROL

Membership

The Company is controlled by its membership. Any person owning property within the limits of the territory within which the Company is authorized to transact business may become a member of the Company and be entitled to all the rights and privileges of membership. A person must reside within the Company’s territorial limits to be a director of the Company.

Board of Directors

The Bylaws provide that the number of directors shall be determined each year at the annual meeting of the membership and shall not be less than 5, nor more than 15, a majority of whom shall constitute a quorum to do business.

Directors serving as of December 31, 2024, were as follows:

Name	City, State	Term Expires	Occupation
Dave Monson (President)	Osnabrock ND	*2026*	Retired Farmer
Francis Rubish (Vice President)	Fairmount ND	*2026*	Retired Farmer/Agent
Dave Weiss	Bismarck ND	*2026*	Retired Regulator
Mark Huseth	McCloud ND	*2026*	Farmer/Agent
Leon Bladow	Hankinson ND	*2025 re-elected 2028*	Retired Banker/PT Farmer
Duane Akvik	Walcott ND	*2025 re-elected 2028*	Retired Bus Driver/Agent
Keath Borchert	Wahpeton ND	*2024 re-elected to 2027*	Retired/ PT Farmer
Barry Townsend	LaMoure ND	*2025 re-elected to 2028*	Retired
Laura Braunberger	Minot ND	*2025 re-elected to 2028*	Risk Manager/Adjuster

Officers

Officers are elected at the organizational meeting of the Board of Directors by a majority vote for a period of one year. Officers serving as of December 31, 2024, were as follows:

Name	Office
Dave Monson	President
Francis Rubish	Vice President
Dave Weiss	Secretary/Treasurer

CORPORATE RECORDS

Articles of Incorporation and Bylaws

The Company submitted new Articles of Incorporation and Bylaws on April 24, 2023. Key changes included a change in name to Family Home Mutual Insurance Company from Family Mutual Insurance Company; a change in the principal office from Bismarck, North Dakota 58503, to 1710 Burnt Boat Drive, Bismarck, North Dakota; and a change in the registered agent from the person or legal entity on file with the North Dakota Secretary of State to Laura Braunberger, 1710 Burnt Boat Drive, Suite 1, Bismarck, ND 58503. These changes ultimately reflect the merger with Home Mutual and add specifics that were otherwise left vague in the previous iteration of the Articles of Incorporation.

Board of Directors, Members and Committee Minutes

The minutes of the meetings held by the membership and directors during the years under examination were reviewed for compliance with the Articles of Incorporation, Bylaws, and statutory requirements. No material findings or issues were noted upon review.

Members

The Bylaws provide that the annual meeting of the Company shall be held “on the last Wednesday in April each year, at the hour of one o’clock PM of said day in Bismarck, North Dakota.” During the period under examination the annual meetings of the membership were held on the following dates:

April 29, 2020	April 28, 2021	April 27, 2022
April 26, 2023	April 24, 2024	

Directors

During the examination, the Board of Directors met eight times in 2020, ten times in 2021 and 2022, and seven times in 2023 and 2024.

CONFLICT OF INTEREST

Conflict of interest statements are completed each year by directors, officers, and key employees disclosing any material interest or affiliation likely to cause any conflict. Conflict of interest statements executed during the period under examination were reviewed and no material conflicts were noted.

FIDELITY BOND AND OTHER INSURANCE

At December 31, 2024, the Company was a named insured on a Fidelity bond insuring against loss sustained by the Company due to dishonest or fraudulent acts committed by an employee. The bond provides for a $125,000 single loss limit of liability for loss caused by each employee. Upon further review, the coverage does not meet the minimum amount of fidelity insurance recommended in the NAIC's Financial Condition Examiners Handbook which was determined to be $150,000-$175,000.

It is again recommended that the Company increase its Fidelity bond amount to meet or exceed the NAIC suggested minimum of $150,000.

The Company also had in force coverage for directors and officers' liability, cyber breach liability, commercial auto, business owners, and commercial general liability. These policies and coverage levels were reviewed and considered reasonable.

TERRITORY AND PLAN OF OPERATION

At December 31, 2024, the Company was authorized to transact business in the following counties:

Burleigh	Richland	Sargent	Ransom
LaMoure	Dickey	McIntosh	Logan
Emmons	Cass	Barnes	Stutsman
Kidder	Morton	Stark	Traill
Steele	Griggs	Eddy	Foster
Wells	McLean	Mercer	Grand Forks
Nelson	Benson	McHenry	McKenzie
Ward	Mountrail	Williams	Walsh
Ramsey	Pembina	Cavalier	Towner
Pierce	Rolette	Bottineau	Divide

The Company reported commissions paid to 76 agents or agencies in 2024.

SIGNIFICANT OPERATING RESULTS

Growth

The following exhibit reflects the growth of the Company over the 5-year period ending December 31, 2024.

Year	Admitted Assets	Total Liabilities	Surplus	Net Premiums Written	Underwriting Deductions	Investment Income	Net Income
2020	9,593,056	1,223,507	8,369,549	2,206,978	1,884,986	440,324	762,316
2021	10,445,751	1,468,962	8,976,789	2,223,796	2,175,352	232,548	280,992
2022	10,262,932	1,618,005	8,644,927	1,988,552	1,864,983	231,507	355,076
2023	12,559,411	1,879,238	10,680,173	2,285,571	2,637,977	388,512	36,106
2024	13,936,432	2,639,636	11,296,797	3,241,896	2,652,902	439,947	1,028,942

Underwriting Ratios

The following table presents the Company's underwriting ratios for the examination period. Operations are presented on a modified cash basis.

	2024	2023	2022
Premiums	100%	100%	100%
Deductions:			
Losses and Loss Adjustment	19.01	37.66	29.01
Underwriting Expenses	62.83	77.76	64.78
Total Deductions (Combined Ratio)	81.84	115.42	93.79
Net Underwriting Gain (Loss)	18.16	(15.42)	6.21

MARKET CONDUCT ACTIVITY

Treatment of Policyholders

Claims

At December 31, 2024, the Company had a complaints log that was compliant with N.D.C.C. § 26.1-04-03(10). Complaints logged during the examination period were reviewed and found to be adequately remediated.

Based on a limited review of claim files, the Company pays claims fairly within policy provisions upon receipt of satisfactory proof of loss or damage.

OPERATING AGREEMENTS

Office Rental Agreement

The Company leases its Bismarck office space from Esther Beazley. The Company’s initial seven-year lease term expires on October 30, 2025, at a rate of $26,325 per year or $2,193.75 per month for the first five years. In years six and seven, the annual rate increases to $27,651.25.

The Company has the option to renew this agreement for up to three additional three-year terms, with an annual rental rate at the end of the third option totaling $29,322 or $2,443.50 monthly.

Investment Management Agreement

The Company's contractual agreement with StoneBridge appoints the adviser to manage the Company's investment portfolio with full discretionary authority, consistent with the company's investment objectives and restrictions. StoneBridge is responsible for executing trades, providing reports, and managing the account according to the established guidelines, while the Company retains the ability to amend restrictions, add or remove assets, and terminate the agreement with proper notice.

REINSURANCE

The following table summarizes the Company's reinsurance contracts with Grinnell Mutual Reinsurance Company, in force on December 31, 2024:

Type	Coverage / Scope	Premium	Retention
Individual Occurrence Excess of Loss	Covers the Company's property net losses in excess of a $200,000 per risk retention, up to $10,000,000 per risk per loss.	$210,684	$200,000
Property Catastrophe Excess of Loss	Covers 100% of the Company's net losses arising from a single Loss Occurrence involving at least two insured risks, in excess of a $1,000,000 retention, up to $2,500,000 per occurrence and $5,000,000 in the aggregate during the contract term. The occurrence window for windstorm, hail, and tornado events is limited to 96 consecutive hours.	$218,160	$1,000,000
Aggregate Excess	Covers 100% of the Company's aggregate net losses incurred during the contract term in excess of a 92.6960% loss ratio, calculated against Subject Net Written Premium.	$225,972	Excess of 92.6960% Loss Ratio

The Reinsurer may terminate any contract upon 30 days' written notice to the Company upon the occurrence of specified events, including merger, assumption agreement, regulatory hazard determination, insolvency, or failure to pay premium when due. Upon review, the contract contained all the clauses required by the NAIC's *Accounting Practices and Procedures Manual*.

ACCOUNTS AND RECORDS

The Company's accounting procedures, internal controls, and transaction cycles were reviewed during the examination and a trial balance as of December 31, 2024, was obtained and traced to the appropriate schedules of the Company's 2024 Annual Statement. Revenues and expenses were tested to the extent deemed necessary.

FINANCIAL STATEMENTS

The following pages present a Statement of Assets, Liabilities, and Surplus as of December 31, 2024, and a Statement of Income for 2024.

These financial statements are based on the statutory financial statements filed by the Company with the North Dakota Insurance and Securities Department and present the financial condition of the Company for the period ending December 31, 2024. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

Family Home Mutual Insurance Company

Statement of Assets, Liabilities, and Surplus
as of December 31, 2024

ASSETS		
LEDGER ASSETS:		
Bonds	$8,759,827.66	
Stocks	1,880,405.56	
Real estate	49,333.24	
Cash on hand and checking account	1,166,967.26	
Cash on deposit	27,059.49	
Premiums in course of collection	508,643.97	
Furniture, fixtures, and equipment	37,698.75	
Total Ledger Assets		$ 12,429,935.93
NON-LEDGER ASSETS:		
Interest due and accrued on bonds	$ 82,438.93	
Dividends due and accrued on stocks	3,920.10	
Interest due and accrued on certificates of deposit	421.92	
Market value of stocks over book value	1,459,655.41	
Misc. non-ledger assets	11,363.76	
Misappropriations	964,794.72	
Total Non-ledger Assets		$ 2,522,594.84
DEDUCT ASSETS NOT ADMITTED:		
Assessments or premiums over 90 days due		$13,605.00
Furniture, fixtures and equipment		37,698.75
Other assets not admitted (list): Misappropriations		964,794.72
TOTAL NET ADMITTED ASSETS		$13,936,432.30
LIABILITIES		
Unpaid losses		$ 100,099.59
Incurred but not reported (IBNR) estimate		10,010.00
Unpaid loss adjustment expense		2,200.00
Advanced premiums		54,992.79
Unearned premium reserve		2,019,468.76
Unpaid taxes		189,933.61
Unpaid General Expenses		23,136.99
Reinsurance Premiums Due and Payable		163,774.91
Amounts Withheld for Accounts of Others		16,334.95
All Other Liabilities		59,684.08
TOTAL LIABILITIES		$2,639,635.68
SURPLUS TO POLICYHOLDERS		$11,296,796.62
TOTAL LIABILITIES AND SURPLUS		$13,936,432.30

Family Home Mutual Insurance Company

Statement of Income
For the Year 2024

INCOME		
Gross premium income	$4,278,402.28	
Less: Returned premiums	97,918.70	
Less: Premiums for reinsurance ceded	938,587.66	
Net Premium Income		$3,241,895.92
Interest on bonds	$ 273,224.03	
Dividends on stocks	84,493.93	
Interest on cash on deposit	3,320.06	
Profit on sale or maturity of ledger assets	57,985.52	
Commissions and service fees received	25,414.66	
Other Income (list): Gain on vehicle sale	2,118.06	
Miscellaneous Interest/Income	169.40	
Change in ledger liabilities	(6,778.20)	
TOTAL INCOME RECEIPTS		$3,681,843.38
DISBURSEMENTS		
Gross losses paid and incurred in current year	$429,724.47	
Gross losses paid in 2024 but incurred in prior years	123,885.70	
Deduct: Reinsurance recovered	8,547.05	
Net Losses Paid		$545,063.12
Claim Adjustment Expenses	71,086.32	
Commissions Paid to Agents	581,870.60	
Directors' Fees and Expenses	20,210.33	
Salaries to Employees	435,716.60	
Printing, stationery and office supplies	9,709.72	
Rent and Rent Items	34,366.06	
Real Estate Expenses	8,226.62	
Taxes on Real Estate	0.00	
State and Local Insurance Taxes	48,261.00	
Insurance Dept Licenses & Fees	4,679.23	
Payroll Taxes	46,585.09	
Legal Fees and Auditing	38,592.70	
Travel and Travel Items	4,848.76	
Advertising	17,973.92	
Dues and Donations	14,358.99	
Equipment Purchased	167,542.75	
Insurance and Bonds	27,824.65	
Postage, Telephone, Internet and Bank charges	29,308.07	
Employee Relations and Welfare	11,344.83	
Risk Reviews and Other Underwriting Expenses	151,958.72	
Miscellaneous	383,373.68	
TOTAL FUNDS DISBURSED		$ 2,652,901.76
NET GAIN (LOSS)		$ 1,028,941.62

COMMENTS ON THE FINANCIAL STATEMENTS

Financial statement balances at December 31, 2024, are commented upon only if financial changes, recommendations, or special explanations are considered necessary.

Assets

Premiums in Course of Collection

At December 31, 2024, the Company excluded its deferred (installment) premiums and included advanced premiums in its premiums in course of collection figure. This error resulted in a net $102,957.13 overstatement in premium receivables and surplus.

It is again recommended that the Company include deferred premiums and exclude advanced premiums in its calculation of premiums in course of collection in accordance with the County Mutual Annual Statement Instructions.

Description	Company	Examination
Assessments or premiums in course of collection	$ 495,038.97	$ 392,081.84
Total	$ 495,038.97	$ 392,081.84

Surplus to Policyholders

Surplus to policyholders was determined by this examination to be $11,193,839.49 or $102,957.13 less than the amount reported by the Company. Adjustments to surplus are shown in the following schedule:

Description	Company	Examination	Increase (Decrease) to Surplus
Ledger Assets			
Premiums in Course of Collection	$ 495,038.97	$ 392,081.84	$ (102,957.13)
Net Change			$ (102,957.13)

Surplus to Policyholders per Company	$11,296,796.62
Exam Adjustments	(102,957.13)
Surplus to Policyholders per Examination	$11,193,839.49

CONCLUSION

The financial condition of Family Home Mutual Insurance Company, Bismarck, North Dakota, as determined by this examination as of December 31, 2024, is summarized as follows:

TOTAL ADMITTED ASSETS		$13,833,475.16
Total Liabilities	$2,639,635.67	
Surplus to Policyholders	11,193,839.49	
TOTAL LIABILITIES AND SURPLUS		$13,833,475.16

Since the last examination conducted as of December 31, 2019, the Company's admitted assets have increased $5,081,243.71, its total liabilities have increased $1,439,285.30, and its surplus regarding policyholders has increased by $3,641,958.42.

The Examiners express their appreciation for the courteous cooperation extended to them during the course of the examination.

Respectfully submitted,

_____ _____

Isaac Buck
Examiner-in-Charge
North Dakota Insurance and Securities Department

COMMENTS AND RECOMMENDATIONS

It is again recommended that the Company increase its Fidelity bond amount to meet or exceed the NAIC suggested minimum of $150,000.

It is again recommended that the Company include Deferred Premiums and exclude Advanced Premiums in its calculation of premiums in course of collection in accordance with the County Mutual Annual Statement Instructions.