STATE OF NORTH DAKOTA

BISMARCK, NORTH DAKOTA

REPORT OF EXAMINATION

OF

DUNDEE MUTUAL INSURANCE COMPANY

PARK RIVER, NORTH DAKOTA

AS OF
DECEMBER 31, 2023

STATE OF NORTH DAKOTA

INSURANCE 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

Dundee Mutual Insurance Company

Park River, North Dakota

as of December 31, 2023, 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 13th day of June, 2025.

Jon Godfread
Insurance Commissioner



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Park River, North Dakota
May 15, 2025

Honorable Jon Godfread
Insurance Commissioner
North Dakota Insurance 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

Dundee Mutual Insurance Company

Park River, North Dakota

Dundee Mutual Insurance Company, hereinafter referred to as the “Company," was last examined as of December 31, 2018, 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, 2019, to December 31, 2023, 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 current status of the 8 exception conditions commented upon in the preceding Report on Examination which covered the period from January 1, 2014, to December 31, 2018. The Department determined that the Company had satisfactorily addressed all of these items, except the following:

Recommendation	Response
It is also recommended that Management discontinue the comingling of books and records for agency business and insurance Company business.	The Company stated that this was addressed with the board in the 6/24/2020 meeting and a formal plan was being put in place. However, after reviewing the board minutes and confirming with the Company, this has been

It is recommended that Management discontinue using the Dundee Mutual name in its producer operations.	addressed multiple times but has been tabled with no formal changes being made. **It is again recommended that Management discontinue the comingling of books and records for agency business and insurance Company business. It is again recommended that the Company discontinue using the Dundee Mutual name in its producer operations as well as discontinue the comingling of books and records for agency business and insurance Company business.**
It is recommended that the Board approve an annual budget as well as an expense policy and review the budget to actual results.	The Company stated that they did not feel that there was a need for the board to approve annual budgets for the Company. The Department responded stating that if there is not a budget in place by the 12/31/2023 exam the finding would be elevated as the Company is not meeting their fiduciary obligations to its policyholders without adequately tracking and managing expenses. **It is again recommended that the Board approve an annual budget as well as an expense policy and review the budget to actual results.**
It is recommended that the Company depreciate capital assets over their expected lifespan, in accordance with SSAP 19.	The Company asked the Department for further clarification for determining useful life. The Department stated that it is an estimate, but there are general useful life estimates that can be found online if unsure. The Company still depreciating things at a much slower rate than its useful life. **It is again recommended that the Company depreciate capital assets over their expected lifespan, in accordance with SSAP 19.**
It is recommended that the Management of the Company implement better controls to monitor bank balances to ensure FDIC coverage limit compliance.	The Company stated the reason for being over the amount was due to a bank purchasing another bank in which the Company has a CD and stated that this would not happen again. During this exam, it was found that there were several months where the Company's checking account balance was above the FDIC coverage amount. **It is again recommended that the Management of the Company implement better controls to monitor bank balances to ensure FDIC coverage limit compliance.**

SUBSEQUENT EVENTS

Since the examination, the Company has expanded the number of counties they are able to write in from 28 to 35 and are planning on expanding to 40 as they are in potential merger talks and will be writing in additional counties.

HISTORY

The Company was incorporated March 14, 1889, and commenced business on March 15, 1889, under the name of "Dundee Walsh County Farmers Mutual Fire Insurance Company" with its home office and principal place of business at Dundee, North Dakota. Later, the home office was moved from Dundee to the farm residence of the Secretary-Treasurer whose post office address was Hoople, North Dakota. In 1976, the home office was moved to Park River, North Dakota. The Company was organized for the purpose of insuring the property of its members against loss or damage by fire, lightning and other hazards as permitted under N.D.C.C. Chapter 26-13.

In 1957, the coverage was extended to include windstorm and hail (except on growing crops) and in 1966 was further extended to include vandalism and malicious mischief, theft, water damage, freezing of plumbing, heating, and air conditioning systems, livestock, collapse, glass breakage, and collision or overturn of implements.

At the annual meeting of the membership dated November 19, 1957, the name of the Company was changed from "Dundee Walsh County Farmers Mutual Fire Insurance Company" to "Dundee Walsh County Farmers Mutual Insurance Company."

At the annual meeting of the membership held June 21, 1972, the Articles of Incorporation were amended changing the name of the Company to read "Dundee Mutual Insurance Company."

On September 26, 1984, the policyholders voted to reorganize the Company to comply with N.D.C.C. Chapter 26.1-12 whereby the Company changed its status from a county mutual insurance company to an incorporated mutual insurance company. At the February 13, 1986, Board of Directors meeting, the Board agreed to voluntarily surrender its current Certificate of Authority to do business as an incorporated mutual and agreed to revert to county mutual status to comply with N.D.C.C. § 26.1-13. This Certificate of Authority was issued on May 7, 1986.

The Company has perpetual existence as provided under N.D.C.C. § 26.1-13-03.

MANAGEMENT AND CONTROL

Membership

The Company is controlled by the 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. They shall be elected by the members of the Company at the annual meeting for a period of three years and until their successors are elected and qualified. One-third of said directorate shall be elected at each annual meeting. At the election of members to the Board of Directors, each member shall be entitled to one vote, either in person or by proxy, for each director to be elected.

Directors serving as of December 31, 2023, were as follows:

Name and Residence	Term Expires	Occupation
Andy Thompson Grafton, ND	2027	Farmer
Adam Davis Hoople, ND	2025	Farmer
Luther Meberg Park River, ND	2024	Retired
Darin Kaercher Langdon, ND	2026	Farmer
Dennis Skorheim Jr. Adams, ND	2026	Retired

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 at December 31, 2023, were as follows:

Officer	Title
Luther Meberg	President
Dennis Skorheim	Vice President
Ryan Dreger	Secretary-Treasurer

CORPORATE RECORDS

Articles of Incorporation and Bylaws

No changes were made to the Articles of Incorporation or Bylaws during the examination period.

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.

Throughout the examination period, the Board does not approve a budget. Specific, one-time items are occasionally pre-approved by the Board but prior approval or conformance to an expense budget is not consistently applied or required.

It is again recommended that the Board approve an annual budget as well as an expense policy and review the budget to actual results.

The Company provide Board meeting minutes evidencing quarterly investment transaction approval to meet the requirements of North Dakota Administrative Code ("N.D. Admin Code") Chapter 45-03-12-0594a), but the minutes did not indicate any review or revision of the written investment plan, as required by N.D. Admin Code § 45-03-12-05(4b):

> 4. On no less than a quarterly basis, the board of directors or committee of the board of directors shall:
>
> a. Receive and review a summary report on the insurer's investment portfolio, its investment activities, and investment practices engaged in under delegated authority, in order to determine whether the investment activity of the insurer is consistent with it written plan; and
>
> b. Review and revise, as appropriate, the written plan

It is recommended that the Board review and revise, as appropriate, the investment plan quarterly to comply with the requirements of N.D. Admin Code Chapter 45-03-12-05(4b).

Members

The Bylaws provide that the annual meeting of the Company shall be held on the last Tuesday in March in Park River, North Dakota. During the period under examination the annual meetings of the membership were held on the following dates: March 26, 2019; July 29, 2020; March 30, 2021; March 29, 2022; and March 28, 2023.

Directors

Excluding the reorganizational meetings held immediately following the Annual Meeting of the members, the Board of Directors held five meetings in 2019, five meetings in 2020, four meetings in 2021, for meetings in 2022, and five meetings in 2023.

CONFLICT OF INTEREST

The Company's conflict of interest policy and annual conflict disclosures were reviewed for the period under examination. Disclosures and mitigation plans appeared appropriate. No material undisclosed conflicts were identified during the examination.

EMPLOYEES WELFARE AND PENSION PLANS

The Company provides fully paid family health insurance policies to its employees and their families. The Company also provides fully paid life, accidental death and dismemberment (AD&D) and long-term disability. Employees can purchase AFLAC policies such as cancer insurance and accident and hospital. If an employee purchases an AFLAC policy, the Company withholds the premium from the employee's paycheck and remits it to AFLAC on their behalf.

The Company established a simplified employee pension plan for its employees in 1989. The Board votes on a yearly bonus for all employees and the employees have the option of taking their bonus in cash or contributing to their simple plan.

FIDELITY BOND AND OTHER INSURANCE

At December 31, 2023, the Company was a named insured on a fidelity bond insuring against loss sustained by the Company as a result of dishonest or fraudulent acts committed by an employee. The bond provides for a $75,000 single loss limit of liability for loss caused by each employee. The coverage meets the minimum amount of fidelity insurance recommended in the NAIC's *Financial Examiners Handbook*.

The Company also had in force a directors and officers liability insurance policy providing a limit of liability of $3,000,000 each policy year. Each claim is subject to a $10,000 deductible. The policy provides coverage for errors or omissions in the performance of professional services and wrongful acts of a director or officer while acting solely in their individual or collective capacities as directors and officers.

A commercial lines policy provides liability coverage of $500,000 per occurrence and a $1,000,000 aggregate limit.

TERRITORY AND PLAN OF OPERATION

At December 31, 2023, the Company produced business through 19 independent agencies and three employed agents. The Company was authorized to transact business in the following 28 counties:

Barnes	Benson	Burleigh	Cass	Cavalier	Eddy
Foster	Grand Forks	Griggs	Kidder	McHenry	McLean
Mercer	Morton	Nelson	Oliver	Pembina	Pierce
Ramsey	Richland	Sheridan	Steele	Stutsman	Towner
Traill	Walsh	Ward	Wells		

SIGNIFICANT OPERATING RESULTS

Growth

The following exhibit reflects the growth of the Company over the 9-year period ending December 31, 2023. Data from 2015 through 2018 was compiled from the prior examination. Data with from 2019 through 2022 was compiled from Annual Statements filed with the Department. Data for

2023 reflects the exam adjustments as noted in the Comments on the Financial Statements section of this report. Operations are presented on a modified cash basis.

Year	Admitted Assets	Total Liabilities	Surplus as Regards Policyholders	Net Premiums Written	Underwriting Deductions	Investment And Other Income	Net Income (Loss)
2015	3,715,595	759,792	2,955,803	1,107,659	1,276,059	57,031	(111,369)
2016	3,511,808	865,478	2,646,329	1,151,673	1,482,873	78,376	(252,824)
2017	3,508,869	753,035	2,755,833	1,139,416	1,327,472	100,564	(87,493)
2018	3,632,585	763,878	2,868,707	1,157,456	1,144,487	112,281	125,250
2019	3,841,318	781,058	3,060,260	1,238,291	1,211,780	194,895	221,406
2020	4,061,040	837,371	3,223,669	1,249,230	1,204,616	234,012	278,627
2021	4,389,098	837,172	3,551,926	1,254,638	1,185,200	157,175	226,613
2022	4,588,005	959,659	3,628,346	1,379,512	1,223,514	138,856	294,854
2023	5,125,379	1,101,650	4,023,729	1,242,581	1,008,619	180,229	414,191

	2023	2022	2021	2020	2019
Premiums	100%	100%	100%	100%	100%
Deductions:					
Losses and Loss Adjustment	21.9	43.1	44.4	46.7	51.0
Underwriting Expenses	59.2	45.5	50.1	49.7	46.9
Total Deductions	81.1	88.6	94.5	96.4	97.9
Net Underwriting Gain (Loss)	18.9	11.4	5.5	3.6	2.1

MARKET CONDUCT ACTIVITY

Treatment of Policyholders

Claims — Based on a review of claim files, the Company appeared to pay claims fairly within policy provisions.

Advertising — The Company's advertising includes Grinnell Mutual Co-Branded logo items and various gifts to the Company's agents and agencies.

OPERATING AGREEMENTS

Grinnell Adjusting Service

On April 1, 2011, the Company entered into a contract with Grinnell Advisory Company, a subsidiary of Grinnell Mutual Reinsurance Company, to perform claims adjusting and risk review services.

For services provided in 2023, Grinnell Advisory Company was paid $35,000 The fee charged is a flat rate for up to 100 claims. If needed, additional adjustments are billed at $800 per claim.

Custodial Agreements

The Company's securities are held under an agreement executed with Fidelity Brokerage Services, LLC and National Financial Services, LLC (Fidelity). This agreement was reviewed and found to be in compliance with N.D. Admin Code § 45-03-23-02.

REINSURANCE

The following is a summary of the Company's most significant reinsurance contracts in force on December 31, 2023:

Nonaffiliated Ceding Contract:

Type: Excess of Loss

Reinsurer: Grinnell Mutual Reinsurance Company

Scope: All policy forms and endorsements issued by the Company:

(A) Individual Occurrence of Loss Excess – Covers up to $20 million in losses from fire and windstorm risks written by the Company in excess of a $200,000 retention.

(B) Property Catastrophe Excess of Loss – Covers 100 percent of the Company's net losses incurred from windstorm, hail, or tornado loss occurrences within a period of 96 consecutive hours, in excess of a $500,000 retention.

(C) Aggregate Excess - provides coverage for 100 percent of the Company's aggregate net losses in excess of a defined retention limit. The retention limit for 2023 was $1,000,000.

Premium:

(A) Property Per Risk Excess of Loss – The 2023 annual premium was $129,408.

(B) Property Catastrophe Excess of Loss – The 2023 annual premium was $61,644.

(C) Aggregate Excess - The 2023 annual premium was $103,464.

Termination Date: The agreement may be terminated by either party with a written 90 day notice.

The contract contained all of 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 course of the examination and a trial balance as of December 31, 2023, was obtained and traced to the appropriate schedules of the Company's 2023 Annual Statement.

The Company's employees are licensed producers for the Company and for Grinnell Mutual Reinsurance Company. During the examination period, the employees charged agency related expenses to the Company, including continuing education, agency association membership dues, and other expenses typically associated with the operation of an insurance agency, while collecting a reduced commission for the business they produced.

It is again recommended that Management discontinue the comingling of books and records for agency business and insurance Company business.

The employees of the Company conduct agency or insurance producer related business as "Dundee Mutual". N.D.C.C. § 26.1-26-09(1) states "[n]othing in this chapter may be construed to require an insurer to obtain an insurance producer license." As such, Dundee Mutual does not fall under the definition of "insurance producer" at N.D.C.C § 26.1-26-02(5) as Dundee Mutual is not a person required to be licensed under N.D.C.C. § 26.1-26. Since Dundee Mutual is not an insurance producer under the law, the Company's name cannot be used to conduct agency related business.

It is again recommended that the Company discontinue using the Dundee Mutual name in its producer operations as well as discontinue the comingling of books and records for agency business and insurance Company business.

Throughout the examination period, the Company continued to exceed FDIC coverage limits. In the prior two examinations, the Company also exceeded FDIC coverage limits.

It is again recommended that the Management of the Company implement better controls to monitor bank balances to ensure FDIC coverage limit compliance.

At December 31, 2023, the Company reported the following agencies had earned commissions from the Company, Bravera Insurance and Heritage Insurance. However, these agencies were not listed as appointed per the State Based Systems ("SBS") database, nor did the Company have a contract with them. Per N.D.C.C. § 26.1-26-06.

It is recommended that the Company appoints all agencies that are directly paid commissions to comply with the requirements of N.D.C.C. § 26.1-26-06.

Subsequent to the examination the Company appointed these agencies and is now in compliance with N.D.C.C. § 26.1-26-06.

FINANCIAL STATEMENTS

The following pages present a Statement of Assets, Liabilities, and Surplus as of December 31, 2023, and a Statement of Income for 2023.

These financial statements are based on the statutory financial statements filed by the Company with the North Dakota Insurance Department and present the financial condition of the Company for the period ending December 31, 2023. 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.

Dundee Mutual Insurance Company
Statement of Assets, Liabilities, and Surplus
as of December 31, 2023

ASSETS

LEDGER ASSETS:			
Bonds	$3,213,279		
Stocks	733,747		
Real estate	54,902		
Cash on hand and checking account	32,499		
Cash on deposit	800,622		
Furniture, fixtures, and equipment	2,016		
TOTAL LEDGER ASSETS		$4,837,065	
NONLEDGER ASSETS:			
Interest due and accrued on bonds	$ 24,558		
Interest due and accrued on cash on deposit	3,009		
Assessments or premiums in course of collection	38,675		
Market value of stocks over book value	224,088		
TOTAL NONLEDGER ASSETS		290,330	
DEDUCT: ASSETS NOT ADMITTED			
Furniture, Fixtures, and Equipment	$ 2,016		
TOTAL NET ADMITTED ASSETS			$5,125,379

LIABILITIES

Unpaid losses	56,862		
Incurred but not reported (IBNR) estimate	8,805		
Unpaid Loss Adjustment Expense	2,917		
Advance Premiums	17,467		
Unearned Premium Reserve	908,785		
Commissions Due and Payable to Agents	47,882		
Unpaid Taxes	18,723		
Unpaid Salaries	7,415		
Unpaid General Expenses	1,519		
Reinsurance Premiums Due and Payable	24,698		
All other liabilities	6,577		
TOTAL LIABILITIES		$ 1,101,650	
SURPLUS TO POLICYHOLDERS		$4,023,729	
TOTAL LIABILITIES AND SURPLUS			$5,125,379

Dundee Mutual Insurance Company
Statement of Income
For the Year 2023

INCOME:

Gross Premium Income	$1,575,840		
Less: Returned Premiums	41,124		
Premiums for Reinsurance Ceded	292,135		
NET PREMIUM INCOME		$1,242,581	
Interest on Bonds		76,738	
Dividends on Stocks		22,162	
Gross Rent From Company's Property		6,000	
Interest on Cash on Deposit		29,715	
Profit on sale or Maturity of Ledger Assets		8,409	
Commissions and service fees received		12,324	
Other Income		24,881	
TOTAL INCOME RECEIPTS			$1,422,810

DISBURSEMENTS:

Gross Losses Paid and Incurred in 2018	$ 226,172		
Gross Losses Paid in 2018 but Incurred in Prior Years	31,383		
Deduct: Salvage & Subrogation Reinsurance Recovered	19,341		
NET LOSSES PAID		$ 238,214	
Claim adjustment expenses		34,375	
Commissions paid to agents		249,778	
Directors' fees and expenses		9,629	
Salaries to employees		179,548	
Printing, stationery, and office supplies		4,805	
Rent and rent items		12,031	
Real estate expenses		11,199	
Taxes on real estate		2,719	
State and local insurance taxes		25,726	
Insurance department licenses and fees		1,307	
Payroll taxes		15,054	
Federal income tax		21,639	
Legal fees and auditing		10,134	
Travel and travel items		10,907	
Advertising		6,664	
Dues and donations		11,170	
Equipment		3,094	
Insurance and bonds		19,155	
Postage, telephone, and bank charges		30,342	
Employee relations and welfare		64,606	
Data processing expenses		41,125	
Risk reviews and other underwriting expenses		4,701	
Annual Meeting		665	
Seminars and agent seminars		1,640	
Miscellaneous		(1,608)	
TOTAL FUNDS DISBURSED			1,008,619
NET GAIN (LOSS)			$ 414,191

COMMENTS ON THE FINANCIAL STATEMENTS

Financial statement balances at December 31, 2023, are commented upon only if financial changes, recommendations, or special explanations are considered necessary.

Assets

Bonds

Bonds were determined by this examination to be $2,510 less than reported by the Company and consisted of the following items and amounts:

Description	Company	Examination
Bonds	$ 3,215,789	$ 3,213,279
Total	$ 3,215,789	$ 3,213,279

Real Estate

Real Estate was determined by this examination to be $5,401 greater than reported by the Company and consisted of the following items and amounts:

Description	Company	Examination
Real Estate	$ 60,302	$ 54,902
Total	$ 60,302	$ 54,902

The Company did not calculate or apply depreciation during 2020.

It is again recommended that the Company depreciate capital assets over their expected lifespan, in accordance with SSAP 19.

Liabilities

Commissions Payable

The Company did not include 2023 agent contingency commissions totaling $25,574 in its Commissions Due and Payable to Agents balance. It also incorrectly excluded $4,307 in “Dundee Agency” commissions that were due and payable as of the balance sheet date. The Commissions Due and Payable to Agents balance was determined by this examination to be $29,881 greater than reported by the Company and consisted of the following items and amounts:

Description	Company	Examination
Commissions Due and Payable to Agents	$ 18,001	$ 47,882
Total	$ 18,001	$ 47,882

It is recommended that the Company includes Dundee Agency commissions in the commissions payable account.

It is recommended that the company includes agency contingency bonuses in the commissions payable account if not paid in the same year in which the bonus is based.

Unpaid Loss Adjusting Expense

The Company did not book an invoice for adjusting services totaling $2,917 that was due and payable as of the balance sheet date. The Unpaid Loss Adjusting Expense balance was determined by this examination to be $2,917 greater than reported by the Company and consisted of the following items and amounts:

Description	Company	Examination
Unpaid Loss Adjusting Expense	$ 0	$ 2,917
Total	$ 0	$ 2,917

It is recommended that the Company report all outstanding adjusting expenses in the Unpaid LAE account if there are any adjusting expenses incurred but not paid before the balance sheet date.

Surplus to Policyholders

Surplus to policyholders was determined by this examination to be in the amount of $4,023,729 or $40,708 less than the amount reported by the Company. Adjustments to surplus are shown in the following schedule:

Description	Company	Examination	Increase (Decrease) to Surplus
Assets:			
Bonds	$ 3,215,789	$ 3,213,279	$ (2,510)
Real Estate	60,302	54,902	(5,400)
Liabilities:			
Commissions Due and Payable to Agents	18,001	47,882	(29,881)
Unpaid Loss Adjusting Expense	0	2,917	(2,917)
Net Decrease			$ (40,708)

Surplus to Policyholders as reported by Company	$4,064,437
Increase (Decrease) to Surplus from above	(40,708)
Surplus to Policyholders per Examination	$4,023,729

CONCLUSION

The financial condition of Dundee Mutual Insurance Company, Park River, North Dakota, as determined by this examination is summarized as follows:

TOTAL ADMITTED ASSETS		$5,125,379
Liabilities	$ 1,101,650	
Surplus to Policyholders	4,023,729	
TOTAL LIABILITIES AND SURPLUS		$5,125,379

During the five-year period under examination, admitted assets increased by $1,521,050, liabilities increased by $339,070, and surplus to policyholders increased by $1,181,980.

In addition to the undersigned, Supervising Examiner Colton Schulz, CFE, CISA, CRISC, CFE (Fraud) and Chief Examiner Matt Fischer, CFE, participated in this exam.

Respectfully submitted,

Cole Mork
Examiner
North Dakota Insurance Department

COMMENTS AND RECOMMENDATIONS

It is again recommended that the Board approve an annual budget as well as an expense policy and review the budget to actual results.

It is recommended that the Board review and revise, as appropriate, the investment plan quarterly to comply with the requirements of N.D. Admin Code Chapter 45-03-12-05(4b).

It is again recommended that Management discontinue the comingling of books and records for agency business and insurance Company business.

It is again recommended that the Company discontinue using the Dundee Mutual name in its producer operations as well as discontinue the comingling of books and records for agency business and insurance Company business.

It is again recommended that the Management of the Company implement better controls to monitor bank balances to ensure FDIC coverage limit compliance.

It is recommended that the Company appoints all agencies that are directly paid commissions to comply with the requirements of N.D.C.C. § 26.1-26-06.

It is again recommended that the Company depreciate capital assets over their expected lifespan, in accordance with SSAP 19.

It is recommended that the Company includes Dundee Agency commissions in the commissions payable account.

It is recommended that the company includes agency contingency bonuses in the commissions payable account if not paid in the same year in which the bonus is based.

It is recommended that the Company report all outstanding adjusting expenses in the Unpaid LAE account if there are any adjusting expenses incurred but not paid before the balance sheet date.