

**STATE OF NORTH DAKOTA  
BISMARCK, NORTH DAKOTA**

**REPORT OF EXAMINATION**

**OF**

**NODAK INSURANCE COMPANY  
FARGO, NORTH DAKOTA**

**AS OF  
DECEMBER 31, 2021**

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

**Nodak Insurance Company**

**Fargo, North Dakota**

as of December 31, 2021, 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 22<sup>nd</sup> day of  
June, 2023.

  
\_\_\_\_\_  
Jon Godfread  
Insurance Commissioner



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Fargo, North Dakota  
May 10, 2023

Honorable Jon Godfread  
Insurance Commissioner  
North Dakota Insurance Department  
600 East Boulevard Avenue  
Bismarck, ND 58505-0320

Dear Commissioner:

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

**Nodak Insurance Company**

**Fargo, North Dakota**

hereinafter referred to as the "Company", was last examined as of December 31, 2016, by representatives of the North Dakota Insurance Department, hereinafter referred to as the "Department".

**SCOPE OF EXAMINATION**

This examination was a risk-focused 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 National Association of Insurance Commissioners ("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 five year period of January 1, 2017 through December 31, 2021, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this statutory examination.

The examination was conducted in accordance with examination policies and standards established by the Department and procedures recommended by the NAIC. In accordance with the NAIC Financial Condition Examiners Handbook, the examination was planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. The examination also included identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. Statements were prepared by management and are therefore the responsibility of management. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

Concurrent examinations were made of the following Nodak Mutual Group ("NMG") companies:

<u>Company and State of Domicile</u>	<u>NAIC Code</u>
Nodak Insurance Company (ND)	#34592
American West Insurance Company (ND)	#44270
Battle Creek Mutual Insurance Company (NE)	#16373
Direct Auto Insurance Company (ND)	#12721
Primero Insurance Company (ND)	#11855
Westminster American Insurance Company (ND)	#16098

This examination report includes significant findings of fact, as mentioned in the N.D.C.C. § 26.1-03-19.3, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but are separately communicated to other regulators and/or the Company.

## **STATUS OF PRIOR EXAMINATION FINDINGS**

Our examination included a review to determine the current status of the two exceptions commented upon in our preceding Report on Examination which covered the period from January 1, 2012, to December 31, 2016. These findings related to the compliance of statutes and statutory accounting principles revolving around shared services and the allocation of shared expenses among group members. We determined that the Company had satisfactorily addressed these two specific findings, but a related deficiency in how shared expenses are allocated persists. This finding will be discussed within the Affiliated Agreements section below.

## **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse findings or material changes in the financial statements.

## **SUBSEQUENT EVENTS**

On December 5, 2022, the Department approved group management's request to change NMG member Battle Creek Mutual Insurance Company's state of domicile from Nebraska to North Dakota. As of the date of this report, all NMG risk-bearing entities were North Dakota domestics.

## HISTORY

### General

The Company (originally, "Nodak Mutual Insurance Company") was incorporated on April 16, 1946, under the laws of the State of North Dakota as a mutual property and casualty company. The primary purpose for which the Company was formed was to provide insurance coverage for all the kinds of insurance specified in N.D.C.C. § 26.1-12-11.

Pursuant to a directive, in 1943, from the delegate body of the North Dakota Farm Bureau (NDFB) Board of Directors, an agreement was made with the Farm Bureau Mutual Insurance Company of Iowa to make its insurance available to North Dakota Farm Bureau members. The agreement contained the provision that after a two-year period the NDFB could originate its own company and that any profits from the North Dakota business would be available for the North Dakota company. The Company was originally organized by the NDFB and the officers and directors were selected to serve in the same capacity for both companies. The NDFB is a voluntary organization of individuals with the collective goal of improving the economic climate of agriculture in North Dakota. Pursuant to a Special Meeting of Policyholders held on March 21, 2003, proposed amendments to the Company's Bylaws were adopted to restructure the Board of Directors and a slate of proposed candidates to serve on the new Board of Directors was elected. With these amendments, a fourth of the Company's Board must be composed of officers or directors of the NDFB.

On March 31, 2001, the Company purchased all issued and outstanding common shares of American West Insurance Company (AWIC), a North Dakota domiciled property and casualty insurer. AWIC is currently licensed to write business in Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, Washington, and Wisconsin, but only produces business in Minnesota, North Dakota and South Dakota. AWIC primarily produces farm, home and auto business.

On March 4, 2011, the Company entered into an affiliation agreement establishing Board control over Battle Creek Mutual Insurance Company (BCMI), a Nebraska domiciled property and casualty insurer. BCMI is licensed to produce business in Nebraska only. BCMI primarily produces farm, home and auto business.

On December 8, 2014, the Nevada Insurance Commissioner approved the Company's acquisition of Tri-State Limited, a South Dakota corporation and 100 percent owner of Primero Insurance Company (PIC), a Nevada domiciled non-standard auto insurance writer. PIC is licensed in Arizona, Nevada, North Dakota and South Dakota, and produces over 80 percent of its business in Nevada, primarily in and around Las Vegas. Since 2021, this concentration has decreased due to rating challenges and growth in Arizona.

On February 10, 2016, the Company filed with the Department a Plan of Conversion, pursuant to N.D.C.C. §26.1-12.2. The Department approved the Plan on December 28, 2016 and members approved it on March 7, 2017. Under the Plan, the Company demutualized and a new mutual holding company, Nodak Mutual Group Inc. ("NMGI") was formed. NMGI became the ultimate controlling person of the Group. The Company was renamed "Nodak Insurance Company" and became a stock insurance company wholly owned by newly created

intermediate stock holding company NI Holdings, Inc. ("NIH"), which is publically traded on the NASDAQ under ticker symbol NODK.

### **Dividends**

The Company paid a \$6,000,000 dividend to its stockholder in December of 2020.

### **Capital Contributions**

In conjunction with the Company's demutualization, in 2017 NIC recharacterized \$5,000,000 of surplus as capital. No additional capital contributions were made during this exam period.

## **MANAGEMENT AND CONTROL**

### **Stockholders**

At December 31, 2021, NIH owned 100 percent of the Company's outstanding stock.

### **Board of Directors**

At December 31, 2021, the Company's business was managed by the Board of Directors consisting of 9 members appointed by the shareholder. The Company's by-laws require four of its Directors to be Farm Bureau members. Board of Directors serving as of December 31, 2021, were as follows:

<b><u>Name and Address</u></b>	<b><u>Business Affiliation</u></b>
Eric Aasmundstad Devils Lake, ND	Farmer
Michael Alexander Fargo, ND	President & CEO Nodak Mutual Group
Christopher Brossart Wolford, ND	Farmer
William Devlin Finley, ND	Retired newspaper publisher
Duaine Espgaard Marco Island, FL	Retired Bank CEO

Terry Wanzek  
Jamestown, ND

Farmer

Dana Kaldor  
Hillsboro, ND

Chief Credit Officer, Goose River Bank

Cindy Launer  
Bar Harbor, ME

Retired insurance executive

Stephen Marlow  
Des Moines, IA

Retired CPA

### **Officers**

Elected officers serving with their respective duties as of December 31, 2021, were:

<b><u>Officer</u></b>	<b><u>Title</u></b>
Michael J. Alexander	President & CEO
Seth Daggett	Treasurer
Timothy Milius	Secretary

### **Committees**

The Company restructured and consolidated its committees during its 2016 demutualization. At December 31, 2021, all chartered committees were at the NIH entity level and consisted of the Audit Committee, Executive Committee, Nominating and Governance Committee, and the Compensation Committee.

## **CORPORATE RECORDS**

### **Articles of Incorporation and Bylaws**

In conjunction with the 2016 demutualization, the Company revised its Articles of Incorporation and its By-Laws. Revisions included updates to the name of the Company from "Nodak Mutual Insurance Company" to "Nodak Insurance Company," the change from a mutual company to a stock company and "policyholder" to "shareholder." Other significant changes noted include the following:

#### ***Articles of Incorporation***

The Company amended and restated its Articles of Incorporation as of March 22, 2017, with the following changes:



Article 2: changed the registered agent from Bruce Trost to Michael J. Alexander  
Article 9: listed the required number of Directors, rather than deferring to the By-laws

### ***By-Laws***

The Company amended and restated its by-laws as of May 22, 2018, with the following changes:

Article IV Section 1: changed the number of Directors from 12 to between 3 and 15.

Article IV Section 2: removed term-limits for directors

Article IV Section 11: changed the minimum number of committee members from one to two

### **Board of Directors, Policyholders, and Committee Minutes**

The recorded minutes of the Board of Directors for the Company and the annual stockholder meetings were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments in accordance with its Bylaws, N.D.C.C. § 26.1-05-18 and N.D. Admin. Code § 45-03-12-05.

### **Conflict of Interest**

The Company has adopted a policy requiring annual disclosure of conflicts of interest in accordance with the guidelines of the NAIC Financial Condition Examiners Handbook. Signed statements are reviewed annually by the Board of Directors. The conflict of interest statements for the years 2017 through 2021 were reviewed and no material undisclosed conflicts were noted.

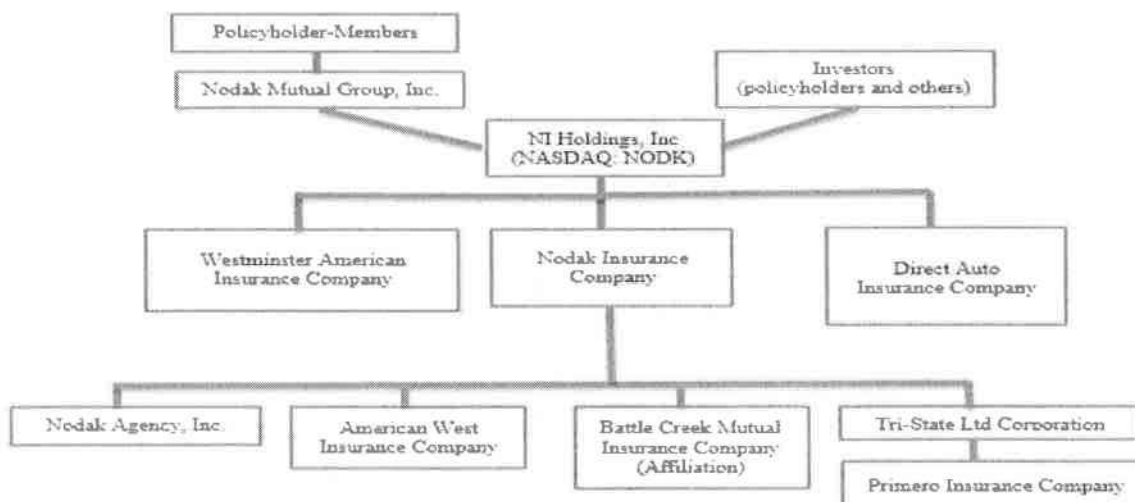
## **FIDELITY BOND AND OTHER INSURANCE**

At December 31, 2021, the Company was protected against fraudulent or dishonest acts of its employees by a financial institution bond. The bond insures the Company and affiliates up to \$5,000,000, which is above the NAIC suggested minimum amount of fidelity insurance.

The examination determined that the Company's other coverages were adequate. The NMG affiliated entities are also named insureds on all policies.

## **AFFILIATED COMPANIES**

The Company is a stock insurance company, owned by NMG. The Company is a member of an insurance holding company system. The organizational chart as of December 31, 2021, reflecting the holding company system is shown below:



**Nodak Insurance Company (NIC)** – (formerly Nodak Mutual Insurance Company) NIC is a North Dakota domestic insurance company, licensed to do business in two states. NIC was incorporated on April 15, 1946, and provides coverage for personal auto, farmowners, homeowners, crop hail and multiple peril crop insurance.

**Nodak Agency Incorporated (NAI)** – Effective January 1, 2008, NAI no longer transacts business but is being retained by the parent for possible future use.

**American West Insurance Company (AWIC)** – On March 31, 2001, the Company purchased and issued all outstanding common shares of AWIC, a North Dakota domiciled property and casualty insurer. AWIC is currently licensed to write business in Idaho, Minnesota, Montana, North Dakota, Oregon, South Dakota, Washington, and Wisconsin, but only produces business in Minnesota, North Dakota, and South Dakota. AWIC primarily produces farm, home, and auto business.

**Battle Creek Mutual Insurance Company (BCMIC)** – On March 4, 2011, NMIC entered into an affiliation agreement with BCMIC, a Nebraska domestic insurance company. Through the affiliation agreement, NIC appoints two-thirds of the directors to serve on the BCMIC Board of Directors.

**Tri-State Limited Corporation** – On December 8, 2014, the Nevada Insurance Commissioner approved the Company's acquisition of Tri-State Limited, a South Dakota corporation and 100 percent owner of PIC.

**Primero Insurance Company (PIC)** – The Company specializes in writing non-standard automobile coverage and is licensed in Nevada, Arizona, South Dakota and North Dakota. The Company was redomesticated to North Dakota in 2021.

**Direct Auto Insurance Company (DAIC)** – On August 31, 2018, the Nodak Group acquired DAIC. The Company was redomesticated to North Dakota in 2021. DAIC is only licensed in Illinois and specializes in private passenger auto liability and auto physical damage coverages.

**Westminister American Insurance Company – (WAIC)** – The Company was acquired by the Nodak Group in 2020 and redomesticated to North Dakota in 2021. The Company primarily

writes commercial multiple peril coverages in the Mid-Atlantic region, but is licensed in 18 jurisdictions.

## **AFFILIATED AGREEMENTS**

### **Trademark License Agreement**

Effective October 1, 2017, the Company entered into an agreement with NDFB to use the name "Farm Bureau" and related "FB" logo. Pursuant to the agreement, the Company obtained the nonexclusive right to market its insurance products using the name NDFB and any trademarks associated with this name. In consideration, the Company pays NDFB an annual royalty of 1.3 percent of written premium, reduced by Multiple Peril Crop Insurance (MPCI), subject to a maximum royalty payment of \$1,302,944.

### **Management Agreement with American West Insurance Company**

Effective January 1, 2005, the Company entered into an agreement with its subsidiary, AWIC, to provide complete management services for all lines of business engaged in by AWIC. The agreement states that all expenses incurred by the Company will be charged to AWIC proportionately based on premium, policy counts, claim counts, claim payment amounts or time studies. Indirect expenses allocated to AWIC in 2021 included salaries, employee relations, payroll taxes, director fees, travel, telephone, postage, advertising, equipment, printing and supplies, allowance to agents, rent, audit fees and actuarial services.

### **Services Agreement with Primero Insurance Company**

In response to a prior examination report finding, the Company entered into a service agreement with NMG member, PIC. This agreement states that NIC shall provide for PIC all accounting administration and payment processing duties, including the maintenance of a general ledger system, the preparation of required financial statements, actuarial support, human resources, the payment for general expenses, and marketing support. The stated terms for these services are based on the results of a time study, which is to be reviewed annually for appropriateness.

### **Other Affiliated Agreements**

The Company has other affiliated agreements in place during the examination period including a \$3 million surplus note with BCMI, an agreement to lease office space to the Farm Bureau, and a consolidated tax allocation agreement with NMG members AWIC, PIC, DAIC, and WAIC.

## TERRITORY AND PLAN OF OPERATION

At December 31, 2021, the Company was licensed to transact the business of insurance in North Dakota and Minnesota. The Company currently writes business in both North Dakota and Minnesota.

The primary lines of business written by the Company, include MPCl, Crop Hail, private passenger auto, farm owners and home owners.

## REINSURANCE

The Group entered a Reinsurance Pooling Agreement in 2020, whereby Group members ceded 100 percent of their direct written premiums to NIC and received the following retrocession amounts:

<b>Pool Member</b>	<b>Participation Percentage</b>
Nodak Insurance Company	66%
Direct Auto Insurance Company	13%
Westminster American Insurance Company	9%
American West Insurance Company	7%
Primero Insurance Company	3%
Battle Creek Mutual Insurance Company	2%

Pool participation was initially determined based on the Group members' respective surplus. The Group will reevaluate the participation percentages every five years to ensure appropriateness. The Group did not adequately define the basis for which corporate management, accounting and financial reporting, or information technology expenses were to be allocated among the group members. After these and other shared expenses are allocated among the members, all expenses are ceded to NIC, then retroceded based on pool participation.

**It is recommended that the Group draft and file an expense management agreement which addresses an allocation scheme for the above captioned shared corporate expenses, in compliance with SSAP 70.**

### Assumed

The Company participates in several small American Agricultural Insurance Company (AAIC) lead reinsurance pools and a crop hail reciprocal lead by Rural Mutual Insurance Company, a Wisconsin domestic. The Company is also in a regional CAT reciprocal with Mutual Reinsurance Bureau (MRB).

**Ceded**

The Company flows the majority of its external reinsurance program through AAIC, but obtains a written agreement with a cut-through clause that reduces reinsurance concentration.

The following is a graphical summary of the material reinsurance ceded contracts in force at December 31, 2021:

Excess Casualty	Excess Property	Property CAT & OOPS	Crop Hail	MPCI
\$11.3 M xs \$700,000	Auto - Facultative \$20.0 M xs \$5.0 M Direct Gen Re WAIC	Mutual Re RRCP \$37.0 M XS \$90.0 M	Totsch Enterprises, Inc Brokered AAIC	Totsch Enterprises, Inc Brokered AAIC
includes Umbrella	Auto - Facultative \$20.0 M xs \$5.0 M Brokered Aon Ascot	American Ag OOPS \$30 M XS \$60.0 M	50 Points xs 100% L/R	45 Points xs 105% L/R
Brokered Aon Everest EMC Helvetia Hannover Ruck SE Scor	\$4.3 M xs \$700,000	American Ag 90% Broker Market \$20.0 M XS \$40.0 M		
Direct Gen Re 20%	Brokered Aon Everest EMC Helvetia Hannover Ruck SE Scor Direct Gen Re 20%	American Ag \$20.0 M XS \$20.0 M 90% Broker Market	Retention 100% Loss Ratio	Retention 105% Loss Ratio
Per Risk Retention \$700,000	Per Risk Retention \$700,000	American Ag \$10.0 M XS \$10.0 M 90% Broker Market		
		\$10,000,000 Flat		

All treaties contained an insolvency clause and entire agreement clause as required by N.D.C.C. § 26.1-02-21.

**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, 2021 was traced to the appropriate schedules of the Company's 2021 Annual Statement. The Company's ledgers are maintained electronically. Revenues and expenses were test checked to the extent deemed necessary.

The Company is annually audited by an outside firm of independent certified public accountants. The work papers of this firm were made available to the Examiners and were used to extent deemed appropriate for this examination.

### Safekeeping Agreement

During the period under examination, the Company's securities were held by Wells Fargo Bank, N.A. The safekeeping agreement contained all of the provisions required by N.D. Admin. Code § 45-03-23-02.

## **FINANCIAL STATEMENTS**

The following pages present a Statement of Assets and a Statement of Liabilities, Surplus, and Other Funds as of December 31, 2021. These statements are followed by supporting statements and reconciliations presented in the following order:

Summary of Income, Year 2021

Reconciliation of Capital and Surplus, January 1, 2017, through December 31, 2021

These financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2021. 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.

**Nodak Insurance Company  
Statement of Assets  
December 31, 2021**

	Ledger & Non-Ledger Assets	Assets Not Admitted	Net Admitted Assets
Bonds	\$213,156,802		\$213,156,802
Stocks:			
Preferred	1,996,622		1,996,622
Common	79,611,038		79,611,038
Real Estate			
Properties Occupied by Company	6,216,232		6,216,232
Cash	17,274,943		17,274,943
Other Invested Assets	3,708,680	3,000,000	708,680
Investment Income Due and Accrued	1,647,828		1,647,828
Uncollected Premiums and Agents' Balances	46,924,026		46,924,026
Deferred Premiums and Installments	20,393,518		20,393,518
Amounts Receivable from Reinsurers	23,550,619		23,550,619
Current Federal Income Tax Recoverable	385,243		385,243
EDP Equipment & Software	338,771		338,771
Furniture and Equipment	57,566	57,566	0
Receivable from Parent, Subsidiaries and Affiliates	1,825,627		1,825,627
Aggregate Write-ins	10,721,492	725,544	9,995,948
Totals	<u>\$427,809,007</u>	<u>\$3,783,110</u>	<u>\$424,025,898</u>

**Nodak Insurance Company  
Liabilities, Surplus, and Other Funds  
December 31, 2021**

Losses	\$65,891,429
Reinsurance Payable on Paid Losses and Loss Adjustment Expenses	33,156,365
Loss Adjustment Expenses	12,293,160
Commissions Payable	3,959,629
Other Expenses	1,519,102
Taxes, Licenses, and Fees	1,127,995
Net Deferred Tax Liability	231,331
Unearned Premiums	83,962,301
Ceded Reinsurance Premiums Payable	22,760,349
Funds Held Under Reinsurance Treaties	17,838
Amounts Withheld or Retained by Company for Others	1,875,469
Remittances and Items Not Allocated	1,005,758
Aggregate Write-ins for Liabilities	<u>(25,535,636)</u>
Total Liabilities	\$202,265,088
Common Capital Stock	5,000,000
Unassigned Funds (Surplus)	<u>216,760,808</u>
Surplus as regards Policyholders	<u>221,760,808</u>
Total	<u>\$424,025,898</u>



**Nodak Insurance Company  
Statement of Income  
December 31, 2021**

**Underwriting Income**

Premiums Earned		\$197,728,916
Deductions:		
Losses Incurred	\$131,540,207	
Loss Adjustment Expenses Incurred	11,269,975	
Other Underwriting Expenses Incurred	<u>61,558,598</u>	
Total Underwriting Deductions		<u>204,368,779</u>
Net Underwriting Gain or (Loss)		<u>(\$6,639,863)</u>

**Investment Income**

Net Investment Income Earned	\$4,883,766	
Net Realized Capital Gains or (Losses)	<u>6,149,655</u>	
Net Investment Gain or (Loss)		<u>\$11,033,421</u>

**Other Income**

Net Gain (Loss) from Agents' Balances Charged Off	(\$76,530)	
Finance and Service Charges Not Included in Premiums	1,082,545	
Miscellaneous Income	<u>273,947</u>	
Total Other Income		<u>\$1,279,962</u>
Net Income Before Federal Income Taxes		\$5,673,520
Federal Income Taxes Incurred		<u>362,975</u>
Net Income		<u>\$5,310,545</u>

**Nodak Insurance Company**  
**Reconciliation of Capital and Surplus Account**  
**January 1, 2017 Through December 31, 2021**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Surplus as Regards Policyholders, December 31, Prior Year	\$216,278,475	\$189,835,942	\$175,875,149	\$156,544,923	\$139,140,399
Net Income	5,310,545	24,528,552	9,397,850	19,943,035	13,915,179
Change in Net Unrealized Capital Gains or (Losses)	(208,701)	6,400,981	4,911,422	(842,915)	4,483,453
Change in Net Deferred Income Tax	345,701	932,040	303,475	306,255	(1,507,656)
Change in Nonadmitted Assets	34,788	580,961	(651,954)	(76,149)	513,548
Transferred from Surplus (Stock Dividend)					5,000,000
Transferred to Capital (Stock Dividend)		(6,000,000)			(5,000,000)
Change in Surplus for the Year	5,482,333	26,442,533	13,960,793	19,330,226	17,404,524
Surplus as Regards Policyholders, December 31, Current Year	\$221,760,808	\$216,278,475	\$189,835,942	\$175,875,149	\$156,544,923

## CONCLUSION

The financial condition of the Company, as of December 31, 2021, as determined by this examination is summarized as follows:

ADMITTED ASSETS		<u>\$424,025,898</u>
Total Liabilities	\$202,265,089	
Surplus as Regards Policyholders	<u>221,760,808</u>	
LIABILITIES, SURPLUS, AND OTHER FUNDS		<u>\$424,025,898</u>

No adjustment of the balance sheet amounts reported by the Company in its 2021 Annual Statement was made by this examination.

Since the last examination conducted as of December 31, 2016, the Company's admitted assets have increased \$181,185,179, its total liabilities have increased \$98,494,769, and its surplus as regards policyholders has increased \$82,620,409.

In addition to the undersigned, the following people also participated on this examination:

Actuarial Specialists – Risk and Regulatory Consulting, LLC  
Scott Merkord, FCAS, MAAA, CPCU  
Dave Heppin, FCAS, MAAA

IT Specialists – Jennan Enterprises  
Joseph Detrick, CPA, CISA, CFE, AES  
Jenny Jeffers, CISA, AES, CFE (Fraud)

North Dakota Insurance Department Staff  
Matt Fischer, CFE, Chief Examiner  
Pat Hendrickson, AFE, Financial Analyst  
and staff actuary Mike Andring, FCAS, MAAA.

The courteous cooperation extended by the officers and employees of the Company during the course of the examination is gratefully acknowledged.

Respectfully submitted,



---

Colton Schulz, CISA, CFE, CFE (Fraud)  
Supervising Examiner  
North Dakota Insurance Department

## **COMMENTS & RECOMMENDATIONS**

It is recommended that the Group draft and file an expense management agreement which addresses an allocation scheme for the above captioned shared corporate expenses, in compliance with SSAP 70.