

EXAMINATION REPORT OF  
DUBUQUE MEN'S ASSOCIATION  
DUBUQUE, IOWA  
AS OF DECEMBER 31, 2016

Dubuque, Iowa  
March 9, 2018

HONORABLE DOUG OMMEN  
Commissioner of Insurance  
State of Iowa  
Des Moines, Iowa

Commissioner Ommen:

In accordance with your authorization and pursuant to Iowa Statutory provisions, an examination has been made of the records, affairs and financial condition of the

DUBUQUE MEN'S ASSOCIATION

DUBUQUE, IOWA

AS OF DECEMBER 31, 2016

in Dubuque, Iowa.

INTRODUCTION

The Dubuque Men's Association, hereinafter referred to as the "Association", was last formally examined as of December 31, 2011. The examination reported herein was conducted by the Iowa Insurance Division.

SCOPE OF EXAMINATION

This Examination covers the intervening period from January 1, 2012 to December 31, 2016, the date of the present examination.

During the course of the examination, which was conducted in accordance with the procedures recommended by the (E) Committee of the National Association of Insurance Commissioners, a general review and survey was made of the Association's operations and business transactions during the stated period. Accounting methods, internal control procedures, records and other supporting evidences were examined or tested by appropriate methods to the extent deemed adequate. The Association's assets were verified and evaluated and the liabilities determined to reflect herein a statement of its financial condition as of December 31, 2016.

HISTORY

The Association was organized on December 30, 1883 for the improvement of the moral, mental and social condition of the members. The organization promoted this mutual benefit by providing its members upon an untimely death, a contribution to the beneficiary toward expenses incurred. The Association is incorporated under Chapter 504A, Code of Iowa, with perpetual existence, on January 1, 1968. They are incorporated as a non-profit corporation and are permitted by Chapter 512A, Code of Iowa, to exist as a benevolent association.

MEMBERSHIP

The annual meeting of the members shall be held in the City of Dubuque, Iowa during the month of January at a time and place fixed by the Board of Directors. Each member present is entitled to one vote in the transaction of business if the member is in good standing with assessments. Seven members constitute a quorum for any annual membership meeting. Members shall be a resident of or employed by any establishment in Dubuque, Iowa, or its immediate vicinity.

The following are the annual banquet expenses paid during the current period, 2012 to 2016 are: \$3,834, \$4,003, \$5,075, \$3,849 and \$2,100, respectively.

BOARD OF DIRECTORS

The business and affairs of the Association shall be managed by a Board of Directors consisting of twelve members elected at the annual meeting of the members. Each Director may serve a maximum of three three-year terms and at the end of his third term will not be eligible for re-election. The Board of Directors may choose a Director to fill an unexpired term, however, and he may serve the unexpired term and be eligible for re-election to two three-year terms.

Directors serving at December 31, 2016 were:

<u>Name/Location</u>	<u>Occupation</u>	<u>Term Expires</u>
Troy Leibold Dubuque, Iowa	Insurance Agent	2017
Tom Rauen Dubuque, Iowa	Business Owner	2019
Scott Steiner Dubuque, Iowa	Commercial Banker	2021
Rich Miller Guttenburg, Iowa	Casino Management	2021
Nick Heiar Dubuque, Iowa	Financial Planning	2022
Eric Graham Dubuque, Iowa	Insurance Agent	2022
Gabe Drewelow Dubuque, Iowa	Commercial Insurance	2024
Tony Hesselman Peosta, Iowa	Real Estate Appraiser	2024

The number of Directors is eight which is four less than the required twelve as noted in Article V of the Articles of Incorporation. The annual meeting of the Board shall be held in the City of Dubuque, Iowa during the

month of January at a time and place fixed by the Board of Directors. Seven directors constitute a quorum for any board meeting.

Other meetings shall be held at times and places fixed by the Board, upon the call of the President or called by two Board members with three days notice to all members, at which time they are to receive and act upon applications for membership, and to transact such other business as may come before the Board.

In accordance with the Bylaws, an allowance shall be made to the Board of Directors to defray the cost of their regular meeting. Any director may serve the Association in the capacity of Secretary-Treasurer and receive compensation.

The following are the Board meeting expenses paid annually from 2012 to 2016 was \$298, \$153, \$0, \$0 and \$0, respectively.

COMMITTEES

A Fiscal Committee consisting of a minimum of three Board of Directors shall review the financial condition of the Association and its fiscal policies with a purpose of recommending any changes of policy to the Association.

An Audit Committee consisting of three members, not members of the Board, shall examine the books of the Secretary and report the condition of the Association to the annual membership meeting.

Committees listed above shall be established and appointed by the President.

OFFICERS

The Board of Directors, at its regular annual meeting, shall elect for a term of one year a President, a Vice President, and a Secretary-Treasurer. One person may hold only one office at a time.

Officers serving the Association as of December 31, 2016 were as follows:

<u>Name</u>	<u>Title</u>
Pat Reidy, Jr.	President
Nathan Green	Vice President
Mark Steuer	Secretary-Treasurer

CORPORATE RECORDS

The Articles of Incorporation were amended once during the Examination Period on February 19, 2015. The address of the registered office was changed. Proper approval by the Members and Iowa Insurance Division was obtained. The Bylaws were not amended during the Examination Period.

## FIDELITY BONDS AND OTHER INSURANCE

The Association is protected by a named scheduled bond of \$25,000, workers' compensation and employers' liability insurance, commercial general liability insurance and directors and officers liability insurance.

## EMPLOYEE WELFARE

The Association does not provide any employee benefits.

## PLAN OF OPERATION

### MEMBERSHIP

The Association consists of 540 members at December 31, 2016 who in the event of death, make voluntary contributions to beneficiaries of deceased members. The number of members is under of 50 percent of the established size (1250) of the organization.

### ELIGIBILITY

The Bylaws state that any man of good moral character and in good health, who is eighteen years of age or older, and a resident of or employed by any establishment in Dubuque, Iowa, or its immediate vicinity, is eligible for membership in the Association upon presentation of a written application for membership. All applications for membership shall be in writing and be referred to the Board of Directors for approval. Applicants must respond and attest to a series of health related questions. Upon approval of the Board of Directors and an initiation fee of \$15 and the further sum of \$5 dues for the current calendar year and \$5 for the death assessments of the new member for the period of six months from date of membership approval of the Board of Directors, a certificate of membership is issued. If applicant is forty-nine years of age or older, in addition to the above fees, the applicant shall pay an additional fee of \$1.00 for each death paid by association since the applicant's forty-ninth birthday.

When a member has voluntarily contributed through benefit assessments an amount equal to the maximum benefits allowed, \$500, or has been a member in good standing for fifty years, he shall be allowed to maintain his membership in good standing without further benefit contributions to the Association. Such members shall be required to pay expense assessments and \$10.00 in annual dues per Bylaws. Annual dues were \$10 in 2012 and 2013, \$15 in 2014 and \$25 in 2015 and 2016. The Association reported 53 members that have reached this plateau as of December 31, 2016.

### CERTIFICATES OF MEMBERSHIP

Each member is issued a certificate naming a beneficiary and entitling him to the privileges and benefits of membership subject to the Articles and Bylaws of the Association.

### DEATH BENEFITS

Upon the death of a member, there shall be levied an assessment of \$2 representing death benefit, and \$2 for general expense assessment upon each member. A \$500 death benefit is paid to the named beneficiary on the certificate, provided such deceased member is in good standing. If no

beneficiary is named or the named beneficiary did not survive the member, the estate shall become the beneficiary. All money levied and collected from the \$2 death assessment shall be placed in the death benefit reserve fund.

FEES, DUES AND ASSESSMENTS

The Association may make charges against the membership in the form of benefit assessment, initiation fees or dues, and operating expense fees. Annual dues increased to \$15 in 2014 and to \$25 in 2015. Annual dues are due and owed by each member on January 1 of each year.

RESERVE FUND

Any funds remaining after the payment of a death benefit are maintained as a reserve fund for the benefit of the members and, by direction of the Board, are used to pay benefits without assessing the membership.

GENERAL FUND

Expense assessments and annual dues are maintained in the general fund and are used to pay administrative expenses including audits, membership drives, salaries of officers, annual meetings and membership recruitment or to supplement the reserve fund.

The Association's Bylaws contain provisions covering suicide, incontestability, delinquent fees, beneficiaries and mergers.

MARKETING

The Association uses word of mouth advertising by utilizing various membership banquets to obtain new members to the Association.

Benefit contributions and payments, as reported in the Association's annual statements for the years 2012 to 2016 are summarized as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Benefit contributions	\$4,055	\$3,112	\$4,042	\$4,983	\$3,027
Benefits paid members	4,000	7,935	3,000	6,922	2,441

Administrative expense fees collected and payments made for the years 2012 to 2016 are summarized as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expense fees collected	\$ 4,055	\$ 3,112	\$ 4,042	\$ 4,983	\$ 3,027
Enrollment fees or dues collected	5,562	6,166	8,511	13,752	13,083
Expenses paid	10,446	11,251	10,877	9,481	9,081

CLAIM REVIEW

The Association had 58 claims from 2012 through 2016. They were reviewed to determine the Association's practice. Claims are paid when the beneficiary requests benefit payment and certificate of death is received. The Board of Directors approves the payments at the next meeting held after payment. All claims were paid timely.

GROWTH OF ASSOCIATION

<u>Year</u>	<u>Members Prior year</u>	<u>New members</u>	<u>Deaths</u>	<u>Other Terminations</u>	<u>Members Current Year</u>
2012	733	25	11	17	730
2013	730	13	18	9	716
2014	716	14	4	10	716
2015	716	2	14	139	565
2016	565	3	11	17	540

ACCOUNTS AND RECORDS

Office copies of the filed annual statements for the years under review were found to be in agreement with or reconciled to assets, liabilities, income and disbursements.

Cash receipts recorded during the period were checked and traced to the Association's depository. Checks paid during selected months were compared to the disbursement records. Cash receipts and disbursements were proved by comparison and reconciliation to the monthly bank statements.

Privacy notices were not sent to members during the Examination Period. The Association started sending these notices in 2018.

Several clerical errors were noted in the annual statement filings. It is recommended that due care be exercised during the completion of said filings.

F I N A N C I A L   S T A T E M E N T S  
A N D   C O M M E N T S   T H E R E O N

NOTE: Except as otherwise stated, the financial statements immediately following reflect only the transactions for the period ending December 31, 2016, and the assets and liabilities as of that date. Schedules may not add or tie precisely due to rounding.



STATEMENT OF ASSETS AND LIABILITIES

DECEMBER 31, 2016

ASSETS

Bank deposits	\$22,896
Certificate of deposit	16,400
Life benefit contributions due from members	1,050
Investment income due and accrued	11
Expense assessments due from members	1,050
Dues owed from members	<u>2,949</u>
 Total Assets	 <u>\$44,356</u>

LIABILITIES AND RESERVE FUNDS

Life benefit contributions due from members but not collected	\$ 1,050
Members paid in advance	1,888
Death benefit reserve	<u>25,649</u>
 Total Liabilities	 <u>\$28,587</u>

RESERVE FUNDS

Reserve funds - surplus	<u>\$15,769</u>
 Total Liabilities and reserve funds	 <u>\$44,356</u>

STATEMENT OF INCOME AND DISBURSEMENTS  
ONE YEAR PERIOD  
DECEMBER 31, 2016

INCOME

Enrollment fees or dues collected	\$13,581
Life benefit contributions	3,027
Expense fees collected	3,027
Investment income received	37
New member fees	50
Fundraiser	<u>1,220</u>
Total Income	<u>\$20,942</u>

DISBURSEMENTS

Life benefits paid members	\$ 2,441
Salaries	3,000
Postage and telephone	924
Insurance	2,989
Annual member meeting expense	2,100
Miscellaneous	<u>68</u>
Total Disbursements	<u>\$11,522</u>
Net income	<u>\$ 9,420</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus funds per Association, December 31, 2015	\$11,980
Net Income	9,420
Transfer from Surplus Funds	<u>(5,631)</u>
Surplus funds per Examination, December 31, 2016	<u>\$15,769</u>

STATEMENT OF INCOME AND DISBURSEMENTS  
FIVE YEAR PERIOD  
DECEMBER 31, 2016

Revenue

Enrollment fees or dues collected	\$47,572
Life benefit contributions	19,219
Expense fees collected	19,219
Investment income received	625
New member fees	1,400
Member donations	2,240
Insurance credit	269
Banquet fundraiser	1,120
Other	<u>550</u>
 Total revenue	 <u>\$92,214</u>

Expenses

Life benefits paid members	\$24,298
Salaries	17,900
Postage and telephone	4,070
Insurance	8,074
Printing and stationery	507
New member recruitment	680
Board meeting expense	451
Annual member meeting expense	18,861
Commissioner expense	25
Miscellaneous	<u>568</u>
 Total expenses	 <u>\$75,434</u>
 Net income	 <u>\$16,780</u>


CAPITAL AND SURPLUS ACCOUNT

Surplus Funds per Association, December 31, 2011	\$(3,149)
 Net Income	 16,780
Transfer from reserve fund to surplus	<u>2,138</u>
 Surplus Funds per examination, December 31, 2016	 <u>\$15,769</u>

CONCLUSION

The cooperation and assistance extended by the officer of the Association is hereby acknowledged.

Respectfully submitted,



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Jerry P. Cihota, CPA, CFE  
Examiner Specialist  
Insurance Division  
State of Iowa