

EXAMINATION REPORT OF  
WINNEBAGO MUTUAL INSURANCE ASSOCIATION  
WINNEBAGO COUNTY, LAKE MILLS, IOWA  
AS OF DECEMBER 31, 2019

Lake Mills, Iowa  
December 22, 2020

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

Commissioner Ommen:

In accordance with your instructions and pursuant to Iowa statutory provisions, an examination has been made of the

WINNEBAGO MUTUAL INSURANCE ASSOCIATION

WINNEBAGO COUNTY, LAKE MILLS, IOWA

AS OF DECEMBER 31, 2019

at its Home Office, 301 West Main Street, Lake Mills, Iowa. The report, containing applicable comments and financial data, is presented herein.

SCOPE OF EXAMINATION

This examination covers the period from December 31, 2016 to December 31, 2019. The examination was conducted in accordance with the procedures established by the Insurance Division of Iowa and generally accepted insurance examination standards. 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, 2019.

HISTORY

The Association was incorporated in 1886 for the purpose of insuring the property of its members against hazards and risks as permitted by Chapter 518, Code of Iowa. The corporate existence was made perpetual in 1945.

MANAGEMENT AND CONTROL

MEMBERSHIP

The membership consists of those persons or organizations having insurance written by the Association which is in full force and effect.

The annual meeting of the members is held at Lake Mills, Iowa on the third Monday in February at 1:30 p.m. Special meetings may be called by the Board of Directors as provided in the Articles of Incorporation. Due notice of the time and place of special meetings shall be given the membership. Each member present shall be entitled to one vote on any question to be decided. Voting by proxy is not permitted. Ten members present constitute a quorum for any membership meeting.

BOARD OF DIRECTORS

The corporate powers of the Association shall be vested in a Board of not less than five or more than fifteen directors, each elected by a majority vote at the annual meeting of the members for terms of three years. Any vacancy on the Board may be filled for the unexpired term by a majority vote of the remaining directors.

Directors serving at December 31, 2019 were:

| <u>Name</u>      | <u>Address</u>       | <u>Term Expires</u> |
|------------------|----------------------|---------------------|
| Larry Wertjes    | Lakota, Iowa         | 2020                |
| Gary Garst       | Buffalo Center, Iowa | 2020                |
| Steven Nelson    | Joice, Iowa          | 2020                |
| Michael Branstad | Forest City, Iowa    | 2021                |
| Harley Urbatsch  | Forest City, Iowa    | 2021                |
| Dan May          | Forest City, Iowa    | 2021                |
| Terry Olsen      | Lake Mills, Iowa     | 2022                |
| Lloyd Bartelt    | Woden, Iowa          | 2022                |
| Carl Wagner      | Forest City, Iowa    | 2022                |

The annual meeting of the Board shall be held immediately following the annual meeting of the members, and thereafter on the call of the Secretary. A majority present constitutes a quorum for the transaction of business.

Directors receive an annual fee for meetings attended and reimbursement of travel expenses. Executive board members receive \$2,800 for six meetings and all directors receive \$2,500 for six meetings. Directors must attend at least one-half of board meetings.

Remuneration of directors are shown in Exhibit A following this report.

#### OFFICERS

At its annual meeting, the Board of Directors shall elect for a term of one year a President, Vice President, Treasurer, and Secretary, who, when so designated by the Board, may also serve as Treasurer and such additional officers as it deems necessary.

Officers serving at December 31, 2019 were:

| <u>Name</u>     | <u>Office</u>               |
|-----------------|-----------------------------|
| Lloyd Bartelt   | President                   |
| Harley Urbatsch | Vice President              |
| Terry Olsen     | Secretary/Treasurer/Manager |

Remuneration of officers are shown on Exhibit A following this report.

#### CONFLICT OF INTEREST

Conflict of interest statements were signed annually by all officers, directors and key employees. Greater care should be taken to ensure proper disclosures are made on the conflict of interest forms. The Association was unable to produce the signed 2017 conflict of interest forms.

#### CORPORATE RECORDS

The Articles of Incorporation and Bylaws were not amended during the period covered by this examination.

The recorded minutes of the membership and Board of Directors meetings were read and noted. The minutes of the Board of Directors reflected that the Examination Report as of December 31, 2016 was reviewed and accepted at the February 22, 2018 board meeting.

FIDELITY BONDS AND OTHER INSURANCE

The Association is protected by a blanket bond in the amount of \$100,000 for any one loss occurrence. The bond is written for an indefinite period and the indemnity is noncumulative.

Policies for other coverages are as follows:

- Workers' compensation and employers' liability
- Professional liability
- Officers' and directors' liability
- Business property and business personal property
- Business liability
- Commercial liability umbrella
- Employment practices liability
- Business auto
- Cyber liability and data breach

Adequate insurance is placed with authorized insurers except professional liability and officers' and directors' liability which is written by a surplus lines insurer permitted to write in Iowa.

EMPLOYEES' WELFARE

Full-time eligible employees are provided hospital and medical insurance with premiums paid by the employee and reimbursed by the Association. Reimbursements are included in each employee's salary.

Full-time eligible employees are also provided a retirement (SEP) plan. The Association contributes 10% of the employees' salary. Contributions paid by the Association were \$23,272, \$23,286, and \$23,586 for 2017, 2018 and 2019 respectively.

The retirement benefit contributions were approved by the Board of Directors.

TERRITORY AND PLAN OF OPERATION

The Association is authorized to transact business in the State of Iowa as a county mutual insurance association under the provisions of Chapter 518, Code of Iowa. It is currently authorized to transact business in five counties in the State of Iowa. The permitted writing territory is composed of the following counties: Cerro Gordo, Hancock, Kossuth, Winnebago, and Worth counties. It was noted, from a review of numerous applications of policies in force, that risks appeared to be located within the authorized territory.

Policies are written or renewed for an annual basis with premiums payable annually, semi-annually, or quarterly. The Association underwrites these policies every three years.

At the present time, business is produced by 53 licensed agents.

UNDERWRITING EXPERIENCE

THREE-YEAR PERIOD ENDED DECEMBER 31, 2019

| <u>Classification</u>       | <u>2017</u>        | <u>2018</u>         | <u>2019</u>        | <u>Total</u>        |
|-----------------------------|--------------------|---------------------|--------------------|---------------------|
| Premiums earned             | <u>\$1,576,173</u> | <u>\$1,543,846</u>  | <u>\$1,652,988</u> | <u>\$4,773,007</u>  |
| Incurred deductions:        |                    |                     |                    |                     |
| Losses                      | \$ 788,343         | \$1,335,922         | \$ 766,479         | \$2,890,744         |
| Loss adjustment expense     | 81,981             | 114,260             | 74,523             | 270,764             |
| Commissions                 | 303,401            | 335,092             | 397,180            | 1,035,673           |
| Salaries                    | 159,633            | 164,134             | 192,867            | 516,634             |
| Taxes, licenses and fees    | 34,844             | 39,104              | 45,914             | 119,862             |
| Other underwriting expenses | <u>205,797</u>     | <u>150,146</u>      | <u>181,296</u>     | <u>537,239</u>      |
| Total deductions            | <u>\$1,573,999</u> | <u>\$2,138,658</u>  | <u>\$1,658,259</u> | <u>\$5,370,916</u>  |
| Underwriting gain (loss)    | <u>\$ 2,174</u>    | <u>\$ (594,812)</u> | <u>\$ (5,271)</u>  | <u>\$ (597,909)</u> |

Expressed in ratios of expenses incurred to premiums earned, the percentages would be:

| <u>Classification</u>       | <u>2017</u>   | <u>2018</u>     | <u>2019</u>    | <u>Total</u>    |
|-----------------------------|---------------|-----------------|----------------|-----------------|
| Incurred deductions:        |               |                 |                |                 |
| Losses                      | 50.02%        | 86.53%          | 46.37%         | 60.56%          |
| Loss adjustment expense     | 5.20          | 7.40            | 4.51           | 5.67            |
| Commissions                 | 19.25         | 21.71           | 24.03          | 21.70           |
| Salaries                    | 10.13         | 10.63           | 11.67          | 10.82           |
| Taxes, licenses and fees    | 2.21          | 2.53            | 2.78           | 2.51            |
| Other underwriting expenses | <u>13.06</u>  | <u>9.73</u>     | <u>10.97</u>   | <u>11.26</u>    |
| Total deductions            | <u>99.87%</u> | <u>138.53%</u>  | <u>100.33%</u> | <u>112.52%</u>  |
| Underwriting gain (loss)    | <u>0.13%</u>  | <u>(38.53%)</u> | <u>(0.33%)</u> | <u>(12.52%)</u> |

## REINSURANCE

The Association has reinsurance contracts in force as of December 31, 2019 with an authorized insurer which provide the following:

### Per Risk Excess of Loss

First \$175,000 of ultimate net loss per risk is retained by Association. First layer is reinsurer will pay 100 percent of net loss in excess of retention. The maximum recovery for first layer is \$1,000,000. Second layer has a recovery of \$4,000,000 in excess of \$1,000,000 for each risk. Third layer has a maximum recovery of \$15,000,000 in excess of \$5,000,000. Association is required to provide a timely notification to reinsurer of any risks exceeding \$10,000,000.

### Catastrophe Excess of Loss

First \$600,000 of ultimate net loss per catastrophe, which is any period of 96 consecutive hours arising out of and directly occasioned by the same event, is retained by the Association. 100 percent of ultimate net loss in excess of retention is covered by the reinsurer.

### Aggregate Excess of Loss

First \$1,300,000 of ultimate net loss in aggregate, net of all other reinsurance recoveries is retained by Association. 100% of ultimate net loss in excess of retention is covered by the reinsurer. Reinsurance recovery is unlimited. Applies to new and renewal and in-force policies of the Association effective and becoming effective at and after the effective date of the contract until expiration of the contract.

### Facultative

While facultative reinsurance was available, no risks were identified which would warrant a facultative agreement.

### Reinsurance - General

The Association's reinsurance coverage complies with current statutory standards relative to surplus exposure and reinsurance coverage.

## CLAIMS

From a review of numerous claims, it appeared that the Association made prompt and equitable settlements which were in keeping with the terms of the policy contracts.

## AFFILIATED AGENCY

The Association owns its Home Office building and shares a portion of the space with Winnebago Insurance Agency.

The agency was purchased in 2007 and is one hundred percent owned by the Winnebago Holding Company. The Winnebago Holding Company is a wholly owned subsidiary of the Association. This agency produced approximately 45 percent of the Association's business during 2019. The agency paid \$300 monthly rent and \$200 per month for shared expenses to the Association in 2019.

An annual management fee of \$14,700 is paid by the agency to the Association for services provided by the Secretary/Treasurer/Manager.

The Articles of Incorporation of Winnebago Holding Company provides that the general supervision and management of the Company shall be vested in a Board of nine.

Conflict of interest statements were signed annually by all agency officers, directors and key employees. Greater care should be taken to ensure proper disclosures are made on the conflict of interest forms. The agency was unable to produce the signed 2017 conflict of interest forms.

#### 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 the general ledger balances of assets, liabilities, income and disbursements.

Selected 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 and were scrutinized as to payees, amounts, and authorized signatures. Cash receipts and disbursements for selected months were proven by comparison and reconciliation to the monthly bank statements.

The Association was in compliance with the Commissioner's Bulletin 97-6 at December 31, 2019 relative to security custodial requirements.

In accordance with Section 518.25, Code of Iowa, surplus must be maintained at a level of not less than fifty thousand dollars or one-tenth of one percent of the gross risk in force, whichever is greater. At December 31, 2019, the gross risk in force for the Association was \$705,391,000. The Association's statutory minimum surplus level as of December 31, 2019 was \$705,391. It is noted the Association's surplus level to minimum surplus level ratio was 5.7/1. The reported surplus/statutory minimum ratio average for the Chapter 518 licensed industry at December 31, 2019 was 8.1/1.

Investment holdings do not appear to be properly recorded. It is suggested that greater care be exercised to report investment securities according to their proper maturity dates, interest rates, and CUSIPS.

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, 2019 and the assets and liabilities as of this date. Schedules may not add or tie precisely due to rounding.



STATEMENT OF ASSETS AND LIABILITIES

ASSETS

|  | <u>Ledger</u> | <u>Nonledger</u> | <u>Not<br/>Admitted</u> | <u>Admitted</u> |
|--|---------------|------------------|-------------------------|-----------------|
| Bonds                                    | \$2,883,125   | \$               | \$ 2,995                | \$2,880,130     |
| Stocks                                   | 849,278       | 786,012          |                         | 1,635,290       |
| Bank balances:                           |               |                  |                         |                 |
| Subject to check                         | 259,980       |                  |                         | 259,980         |
| On interest                              | 458,180       |                  |                         | 458,180         |
| Real estate                              | 55,112        |                  |                         | 55,112          |
| Cash in office                           | 50            |                  |                         | 50              |
| Unpaid premiums:                         |               |                  |                         |                 |
| Due before November 1                    |               | 1,282            | 1,282                   |                 |
| Due after November 1                     |               | 7,334            |                         | 7,334           |
| Reinsurance receivable<br>on paid losses |               | 21,191           |                         | 21,191          |
| Accrued interest                         |               | 18,774           |                         | 18,774          |
| Equipment and furniture                  | 1,247         |                  | 1,247                   |                 |
| Automobiles                              | 40,391        |                  | 40,391                  |                 |
| EDP equipment                            | 2,641         |                  |                         | 2,641           |
| Service fees receivable                  |               | 16,813           |                         | 16,813          |
|  | <hr/>         | <hr/>            | <hr/>                   | <hr/>           |
| Total                                    | \$4,550,004   | \$ 851,406       | \$ 45,915               | \$5,355,495     |

LIABILITIES AND SURPLUS

|   |             |
|---|-------------|
| Losses  | \$ 212,164  |
| Unpaid adjusting expenses                             | 24,182      |
| Ceded reinsurance balances payable                    | 46,799      |
| Unpaid salaries and commissions                       | 98,053      |
| Amounts withheld for the account of others            | 8,077       |
| Taxes payable   | 6,235       |
| Other unpaid expenses                                 | 3,797       |
| Employee benefits payable                             | 23,586      |
| Premiums collected for other companies - not remitted | 10,443      |
| Premiums received in advance                          | 35,382      |
| Unearned premium reserve                              | 885,000     |
|   | <hr/>       |
| Total liabilities                                     | \$1,353,718 |
| Surplus as regards policyholders                      | 4,001,777   |
|   | <hr/>       |
| Total liabilities and surplus                         | \$5,355,495 |

INCOME AND DISBURSEMENTS  
AND  
RECONCILIATION OF LEDGER ASSETS

Ledger assets, December 31, 2018 \$4,283,565

INCOME

|  |  |                    |
|--|--|--------------------|
| Net premiums and fees                  |  | \$1,713,734        |
| Net interest received on bonds         |  | 103,537            |
| Decrease by adjustment - bonds         |  | (7,820)            |
| Dividends received                     |  | 35,524             |
| Interest received on bank deposits     |  | 3,204              |
| Profit on sale of investments          |  | 4,648              |
| Rents received                         |  | 10,800             |
| Borrowed money                         |  | 8,000              |
| Premiums collected for other companies |  | 167,772            |
| Increase in ledger liabilities         |  | 2,549              |
| Miscellaneous income                   |  | 14,406             |
| Gain on sale of assets                 |  | 15,981             |
| Total income                           |  | <u>\$2,072,335</u> |
| Total assets and income                |  | <u>\$6,355,900</u> |

DISBURSEMENTS

|  |                |                    |
|--|----------------|--------------------|
| Losses paid  |                | \$ 804,836         |
| <u>Operating Expense</u>                           |                |                    |
| Loss adjusting expense                             | \$ 69,741      |                    |
| Commissions  | 329,422        |                    |
| Advertising  | 3,404          |                    |
| Boards, bureaus and association                    | 8,512          |                    |
| Inspection and loss prevention                     | 44,488         |                    |
| Salaries of officers                               | 52,196         |                    |
| Salaries of office employees                       | 140,671        |                    |
| Employee welfare                                   | 24,996         |                    |
| Insurance  | 17,348         |                    |
| Directors' compensation                            | 506            |                    |
| Directors' expenses                                | 130            |                    |
| Rent and rent items                                | 7,200          |                    |
| Equipment  | 20,878         |                    |
| Printing, stationary and supplies                  | 13,289         |                    |
| Postage and telephone                              | 12,308         |                    |
| Legal and auditing                                 | 15,135         |                    |
| Premium taxes                                      | 22,141         |                    |
| Insurance Division licenses and fees               | 380            |                    |
| Payroll taxes                                      | 21,731         |                    |
| All other taxes                                    | 1,446          |                    |
| Real estate expenses                               | 6,628          |                    |
| Real estate taxes                                  | 2,515          |                    |
| Interest on borrowed money                         | 100            |                    |
| Miscellaneous                                      | 1,413          |                    |
| Donations/contributions                            | 1,253          |                    |
| Annual meeting                                     | 1,195          |                    |
| Travel and travel items                            | 4,079          |                    |
| Over and short                                     | 44             |                    |
| Total operating expense                            | <u>823,149</u> |                    |
| <u>Non-Operating Expense</u>                       |                |                    |
| Borrowed money repaid                              |                | 8,000              |
| Depreciation on real estate                        |                | 3,224              |
| Loss on sale of investments                        |                | 397                |
| Federal income tax                                 |                | 11,350             |
| Premium collections transmitted to other companies |                | 133,626            |
| Commissions paid agents for other companies        |                | 21,314             |
| Total disbursements                                |                | <u>\$1,805,896</u> |
| Balance - ledger assets, December 31, 2019         |                | <u>\$4,550,004</u> |

UNDERWRITING AND INVESTMENT EXHIBIT

ONE-YEAR PERIOD ENDED DECEMBER 31, 2019

STATEMENT OF INCOME

|  |                  |                   |
|--|------------------|-------------------|
| <u>Underwriting Income</u>                   |                  |                   |
| Premiums earned                              |                  | \$1,652,988       |
| <u>Deductions</u>                            |                  |                   |
| Losses incurred                              | \$ 766,479       |                   |
| Loss expenses incurred                       | 74,523           |                   |
| Other operating expenses incurred            | 817,257          |                   |
| Total underwriting deductions                | <u>1,658,259</u> | <u>1,658,259</u>  |
| Net underwriting gain (loss)                 |                  | \$ (5,271)        |
| <u>Investment Income</u>                     |                  |                   |
| Net investment income earned                 |                  | 150,047           |
| <u>Other Income</u>                          |                  |                   |
| Premiums collected for other companies (net) |                  | 12,534            |
| Miscellaneous income                         |                  | <u>14,406</u>     |
| Net income before Federal income tax         |                  | \$ 171,716        |
| Federal income tax incurred                  |                  | <u>7,350</u>      |
| Net income                                   |                  | <u>\$ 164,366</u> |

CAPITAL AND SURPLUS ACCOUNT

|   |                |                    |
|---|----------------|--------------------|
| Surplus as regards policyholders, December 31, 2018     |                | <u>\$3,607,913</u> |
| <u>Gain and (Losses) in Surplus</u>                     |                |                    |
| Net income  | \$ 164,366     |                    |
| Change in not admitted assets                           | (19,126)       |                    |
| Change in net unrealized gains/losses                   | <u>248,624</u> |                    |
| Change in surplus as regards policyholders for the year |                | <u>\$ 393,864</u>  |
| Surplus as regards policyholders, December 31, 2019     |                | <u>\$4,001,777</u> |

UNDERWRITING AND INVESTMENT EXHIBIT

THREE-YEAR PERIOD ENDED DECEMBER 31, 2019

STATEMENT OF INCOME

|  |                  |                    |
|--|------------------|--------------------|
| <u>Underwriting Income</u>                   |                  |                    |
| Premiums earned                              |                  | \$4,773,007        |
| <u>Deductions</u>                            |                  |                    |
| Losses incurred                              | \$2,890,744      |                    |
| Loss expenses incurred                       | 270,764          |                    |
| Other operating expenses incurred            | 2,209,408        |                    |
| Total underwriting deductions                | <u>5,370,916</u> |                    |
| Net underwriting gain (loss)                 |                  | \$ (597,909)       |
| <u>Investment Income</u>                     |                  |                    |
| Net investment income earned                 |                  | 440,352            |
| <u>Other Income</u>                          |                  |                    |
| Premiums collected for other companies (net) |                  | 49,962             |
| Miscellaneous income                         |                  | <u>44,426</u>      |
| Net income before Federal income tax         |                  | \$ (63,169)        |
| Federal income tax incurred                  |                  | <u>13,709</u>      |
| Net income                                   |                  | <u>\$ (76,878)</u> |

CAPITAL AND SURPLUS ACCOUNT

|   |  |                    |
|---|--|--------------------|
| Surplus as regards policyholders, December 31, 2016 |  | <u>\$3,670,842</u> |
| <u>Gain and (Losses) in Surplus</u>                 |  |                    |
| Net income  |  | \$ (76,878)        |
| Change in not admitted assets                       |  | 654                |
| Change in net unrealized gains/losses               |  | <u>407,159</u>     |
| Change in surplus as regards policyholders          |  | <u>\$ 330,935</u>  |
| Surplus as regards policyholders, December 31, 2019 |  | <u>\$4,001,777</u> |

SURPLUS AS REGARDS POLICYHOLDERS

The changes which resulted in the net increase are shown in the following statement of differences:

| <u>Classification</u>                       | <u>Association<br/>Annual<br/>Statement</u> | <u>Examination<br/>Financial<br/>Statement</u> | <u>Surplus<br/>Increase<br/>(Decrease)</u> |
|---|---|--|--|
| <u>Assets</u>                               |   |  |  |
| Stocks                                      | \$1,587,912                                 | \$1,635,290                                    | \$ 47,378                                  |
| Unpaid premiums due after November 1        | 8,959                                       | 7,334  | (1,625)                                    |
| Reinsurance receivable on paid losses       | 42,382                                      | 21,191   | (21,191)                                   |
| <u>Liabilities</u>                          |   |  |  |
| Losses                                      | 223,042                                     | 212,164  | 10,878                                     |
| Unpaid adjusting expenses                   | 9,800                                       | 24,182   | (14,382)                                   |
| Unpaid salaries and commissions             | 74,085                                      | 98,053   | (23,968)                                   |
| Amounts withheld for the accounts of others | 9,804                                       | 8,077  | 1,727                                      |
| Taxes payable                               | 7,036                                       | 6,235  | 801  |
| Other unpaid expenses                       | 27,423                                      | 3,797  | 23,626                                     |
| Employee benefits payable                   | 24,500                                      | 23,586   | 914  |
| Unearned premium reserve                    | 886,000                                     | 885,000  | <u>1,000</u>                               |
| Net change to surplus                       |   |  | \$ 25,158                                  |
| Surplus per Association                     |   |  | <u>3,976,619</u>                           |
| Surplus per examination                     |   |  | <u>\$ 4,001,777</u>                        |

During the period under review, surplus funds increased \$330,935 from the amount of \$3,670,842 as shown on the last previous examination report. An operating statement reflecting that increase is contained in the financial section.

COMMENTS

The major changes in the Association's financial statement were due to the following:

Stocks \$ 1,635,290

An analysis of market values and the agency valuation increased the asset by \$47,378.

Unpaid premiums \$ 7,334

The asset was decreased by \$1,625 to reflect the actual amount of premium received in 2020.

Reinsurance receivable on paid losses \$ 21,191

The asset was decreased by \$21,191 to adjust the reinsurance receivable to the actual amount received in 2020.

Losses \$ 212,164

Losses decreased by \$10,878 to reflect actual loss development.

Unpaid adjusting expenses \$ 24,182

The liability was increased by \$14,382 to reflect the actual amount paid in 2020.

Unpaid salaries and commissions \$ 98,053

The liability was increased by \$23,968 to reflect the actual amount of salaries and commissions paid in 2020, but incurred in 2019.

Amounts withheld for accounts of others \$ 8,077

This liability was decreased by \$1,727 to reflect the actual amount of payroll taxes paid in 2020 for 2019.

Taxes payable \$ 6,235

The liability was decreased by \$801 to reflect actual amount of employee payroll taxes paid in 2020 for 2019.

Other unpaid expenses \$ 3,797

The liability was decreased by \$23,626 to reflect actual expenses paid in 2020 for 2019.

Employee benefits payable \$ 23,586

The liability was decreased by \$914 to reflect actual employee benefits paid in 2020 for 2019.

Unearned premium reserve \$ 885,000

A calculation of unearned premium reserve using examination adjustments decreased the liability by \$1,000.

CONCLUSION

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

Respectfully submitted,

/s/ Jessica Jensen

JESSICA JENSEN

Cain Ellsworth & Co., LLP

Representing the State of Iowa