

EXAMINATION REPORT OF
GRINNELL MUTUAL REINSURANCE COMPANY
GRINNELL, IOWA
AS OF DECEMBER 31, 2024

Grinnell, Iowa
October 31, 2025

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

Commissioner:

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

GRINNELL MUTUAL REINSURANCE COMPANY

GRINNELL, IOWA

AS OF DECEMBER 31, 2024

at its headquarters at 4215 Highway 146, Grinnell, Iowa.

INTRODUCTION

Grinnell Mutual Reinsurance Company, hereinafter referred to as the “Company”, was last examined as of December 31, 2019. The examination reported herein was conducted as an examination of an insurance holding company group by the Iowa Insurance Division. The Company’s wholly owned subsidiaries, Grinnell Select Insurance Company and Grinnell Compass, Inc., were also examined as part of the holding company group, with separate examination reports prepared for each entity.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2020, to the close of business on December 31, 2024, including any material transactions and events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes 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. 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.

This examination report includes significant findings of fact and general information about the insurer and its financial condition.

HISTORY

The Company was organized at Greenfield, Iowa on April 17, 1909, under the name of Iowa Farmers Mutual Reinsurance Association to provide a reinsurance facility for county mutuals domiciled in the state of Iowa.

In 1933, the Home Office was moved to Grinnell, Iowa. Also, in that same year the Company's name was changed to Farmers Mutual Reinsurance Association by an amendment to the Articles of Incorporation.

In 1948, the name was changed to the Farmers Mutual Reinsurance Company. The Articles of Incorporation were amended to permit the Company to operate under the provisions of Chapter 491, Code of Iowa, and Chapter 515, Code of Iowa, and all acts amendatory thereto.

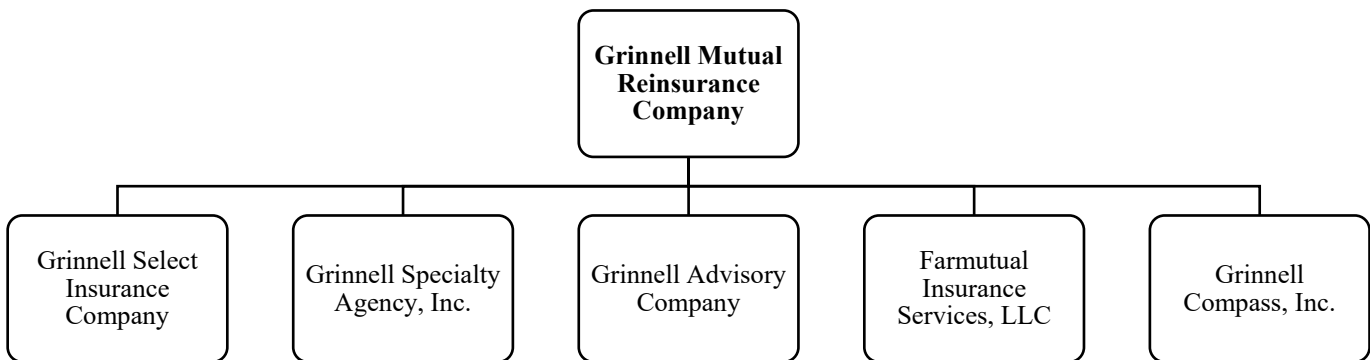
The Company's corporate existence was made perpetual as of April 17, 1949.

On June 26, 1963, the present corporate title, Grinnell Mutual Reinsurance Company, was adopted.

INSURANCE HOLDING COMPANY SYSTEM

The Company is the Ultimate Parent of an Insurance Holding Company System as defined by Chapter 521A, Code of Iowa. An Insurance Holding Company System Registration Statement was filed annually with the Insurance Division of Iowa for each year of the examination period.

A chart depicting the organizational structure is as follows:



MANAGEMENT AND CONTROL

MEMBERSHIP

The membership of the Company is limited to those persons or organizations having insurance or reinsurance in full force and effect.

The annual meeting of the membership is held at Grinnell, Iowa at 2:00 p.m. on the Wednesday before the last Thursday in June of each year. Special meetings of the members may be called by the Board of Directors at any time and must be called upon petition of one-fourth of the members of the Company. Notice of the time and place of any special meeting is given each member by mailed written notice thereof at least twenty days before the date of such meeting, said notice to be addressed to each member at their last known address.

Each insurance association or company ceding reinsurance to the Company shall be entitled to representation by one delegate bearing proper credentials. All other members must be represented in person. In either case, each member so represented shall be entitled to one vote only on any one question coming before any membership meeting. Voting by proxy is not permitted.

At all meetings of members for the election of directors and for the transaction of any business which may legally be acted upon at any such meeting, a quorum of members shall be equal to the number of directors of the Company plus one.

BOARD OF DIRECTORS

The Articles of Incorporation provide that the corporate powers of the Company are vested in a Board of Directors consisting of twelve members. Directors are elected for a term of three years, with one-third of the total number elected each year at the annual meeting of the members.

Any member may become eligible for election to the Board of Directors if nomination papers and signed affidavit of candidacy are filed with the Secretary of the Company at least thirty days prior to the annual meeting at which election is sought.

The Board's annual meeting is held within ten days following the annual meeting of the members. The Board of Directors shall meet upon call of the Chairman of the Board, the President, or upon request by a majority of the directors.

Elected and qualified directors serving at December 31, 2024 were as follows:

<u>Name and Address</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Daniel W. DeArment Bedford, Pennsylvania	President and Chief Executive Officer Friends Cove Mutual Insurance Company	2025
Mary J. Robison Henry, Illinois	Chief Executive Officer/Secretary-Treasurer LaPrairie Mutual Insurance Company	2025
Paul G. Stueven, Chair Welcome, Minnesota	Chief Operating Officer/Treasurer Fairmont Farmers Mutual Insurance Company	2025
Susan K. Taggart, 2 nd Vice Chair West Lebanon, Indiana	Chief Executive Officer Mutual of Indiana Insurance Company	2025
Larry W. Cook Lincoln, Illinois	Chief Executive Officer Frontier-Mt. Carroll Mutual Insurance Company	2026
Mark D. Knouse Wilton, Iowa	President/Secretary-Treasurer White Pigeon Mutual Insurance Association	2026
William J. Lampe, 1st Vice Chair Preston, Iowa	President/Secretary-Treasurer Heritage Mutual Insurance Association	2026
Steven L. Underwood Washington, Missouri	Secretary/Manager United Mutual Reinsurance Company	2026
Dan D. Anderson Canton, South Dakota	Underwriter/Manager Farmer Mutual Insurance Company of Lincoln County	2027

<u>Name and Address</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Dave A. Heynen* Sioux Center, Iowa	Adjuster, Underwriter, President Farmers Mutual Insurance Association of Hull	2027
Mark D. Schmidt Delmar, Iowa	President/Treasurer American Mutual Insurance Association	2027
James P. Wellman New Knoxville, Ohio	President German Farmers Mutual Insurance Company	2027

*Dave Heynen was elected on May 15, 2024, to replace Randall Druvenga who completed his term in May 2024.

Directors receive the following monthly fees plus \$1,182 per meeting attended:

Chairman of the Board	\$3,491
First and Second Vice Chairman of the Board	3,219
Other Directors	3,137

Directors are also reimbursed for necessary expenses for each meeting attended.

BOARD COMMITTEES

The Board has established the following standing committees as of December 31, 2024: Advertising and Marketing, Administrative/Investment, Audit, Benefits Plan Representatives, Evaluation and Planning, Governing, Nominating, Personnel and Compensation, and Strategy.

The membership of the Audit Committee as of December 31, 2024, was as follows:

Audit Committee
William Lampe, Chair
Dan Anderson
Mary Robinson
Daniel DeArment
Mark Schmidt
Dave Heynen
Paul Stueven, Ex Officio

OFFICERS

The Articles provide that the Board at its regular annual meeting shall elect for a term of one year a Chairman of the Board, a First Vice Chairman, a Second Vice Chair, a President, a Secretary, a Treasurer, and other such officers as deemed necessary.

The principal elected officers serving at December 31, 2024, were as follows:

<u>Name</u>	<u>Title</u>
Jeffrey R. Menary	Chief Executive Officer
David M. Wingert	President
Robert C. Shay	Vice President - Chief Operating Officer and Chief Information Officer
Lauren E. Augustin	Vice President - Strategy and Innovation
Kevin P. Farrell	Vice President - Reinsurance
Christopher L. Hansen	Vice President - Finance, Chief Financial Officer, Treasurer

<u>Name</u>	<u>Title</u>
Michelle A. Hutchinson	Vice President - Assurance, Advisory & Accounting Services, Chief Audit Executive
Kevin J. Kies	Vice President - Claims
Steven M. Scherf	Vice President - Underwriting, Sales, Service
William E. Simonaitis	Vice President - Legal, Secretary, General Counsel
Jeffery R. Vogts	Vice President - Talent Development

The compensation for officers is shown in Exhibit A to be found immediately following the signature page of this report.

CONFLICT OF INTEREST

The Company has a documented conflict of interest policy and an established procedure for the annual disclosure to its Audit Committee of any material interest or affiliation on the part of its directors, officers, or key employees which is in, or likely to, conflict with the official duties of such person. While conflicts were disclosed, none were found to have a material impact on the Company, and all were addressed by the Audit Committee.

CORPORATE RECORDS

The Articles of Incorporation and Bylaws were not amended during the examination period under review.

The recorded minutes of the meetings of the Membership, Directors, and other Committees of the Board were read and noted. They appeared to be complete and were found to be properly attested. The Examination Reports prepared by the Iowa Insurance Division as of December 31, 2019, were acknowledged and approved at the Board of Directors meeting held May 12, 2021.

INTERCOMPANY AGREEMENTS

Management Agreements

Grinnell Select Insurance Company shall carry out its business functions utilizing the employees, physical facilities, and equipment of GMRC. The costs of this sharing arrangement will be allocated to Grinnell Select on a cost basis in accordance with its use of the services and facilities.

Grinnell Specialty Agency, Inc. shall carry out its business functions utilizing the employees, physical facilities and equipment of GMRC. The costs of this sharing arrangement will be allocated to Grinnell Specialty on a cost basis in accordance with its use of the services and facilities.

Grinnell Compass, Inc. shall carry out its business functions utilizing the employees, physical facilities and equipment of GMRC. The costs of this sharing arrangement will be allocated to Grinnell Compass on a cost basis in accordance with its use of the services and facilities.

FarMutual Insurance Services LLC shall carry out its business functions and may also provide certain claims adjusting and other services to GMRC utilizing the services of GMRC employees and the physical facilities and equipment of GMRC. The costs of this sharing arrangement will be allocated between GMRC and FarMutual on a cost basis in accordance with the use of the services and facilities.

Grinnell Advisory shall carry out its business functions utilizing the services of GMRC employees and the physical facilities and equipment of GMRC. The costs of this sharing agreement will be allocated to Grinnell on a cost basis in accordance with its use of the services and facilities.

Tax Allocation Agreement

Tax Allocation Agreement – GMRC and its subsidiaries elected to file federal income returns on a consolidated basis. In addition, the Consolidated Group desires to compensate members with net operating losses (or tax credits) for the use of those losses (or tax credits) to reduce or eliminate the consolidated tax liability.

Service Center Agreement

Service Center Agreement – GMRC and Grinnell Specialty Agency, LLC entered into an agreement where Grinnell Specialty, LLC provides call center services for GMRC. The costs under the agreement are allocated on a cost basis in accordance with NAIC Statutory Accounting Principles.

FIDELITY BONDS AND OTHER INSURANCE

The Company, along with its subsidiaries as named insureds, is protected by a blanket bond which covers the fidelity of each officer and employee up to \$5,000,000 for any one occurrence. Coverage meets the NAIC's suggested minimum amount of fidelity insurance. This policy as well as the other insurance coverages in place appear to adequately protect the interests of the Company.

EMPLOYEE WELFARE

The various benefit plans provided to the employees of the Company, are as follows:

Pension plan	Short and long-term disability plan
Group life insurance	Group medical plan
Group dental insurance	Savings and investment – 401(k)
Tuition Reimbursement	Vision
Flexible Spending	

REINSURANCE

Reinsurance treaties in effect at December 31, 2024, are summarized as follows:

ASSUMED

Member Mutuals

The Company assumes reinsurance from approximately 180 county, township, or statewide mutual associations and/or companies. Reinsurance is offered to the member mutuals through the plans summarized below.

Property per Risk: The Company will reinsure 100 percent of each loss in excess of the retention on an individual occurrence of loss basis subject to the limitation section of the coverage schedule. Exposures exceeding the limitations specified on the coverage schedule may be eligible for full reinsurance protection through facultative reinsurance.

Per Occurrence Catastrophe: The Company shall pay the excess of the amount stated on the coverage schedule for any individual loss occurrence caused by tornadoes, cyclones, windstorms, hurricanes or hail stones arising from the same atmospheric disturbance and occurring during any continuous period of not more than 72 hours.

Aggregate Excess: The Company will reinsure 100 percent of the aggregate net loss in excess of the retention limit defined by the coverage schedule applying to each calendar year.

Special Reinsurance Arrangements: The amount on any one risk retained by the mutual company will not exceed the maximum limit imposed by Illinois statute. If the retention to be retained by the mutual company is in excess of the statutory limit, then the Company will assume the amount in excess of the limit. The mutual company will not participate in any excess of its limit, nor will the additional amount of reinsurance be used in determining relative pro rata share.

Quota Share: The Company will reinsure a specified percentage of the liability against all perils covered, except hail coverage on growing crops and earthquakes.

Quota Share (Homeguard): The Company will reinsure a specified percentage of the liability for property perils.

Facultative: Within thirty days of insuring a specific risk or increasing the amount of coverage on a specific risk, the member mutual may cede all or part of such specific risk. If the member mutual fails to notify the Company within said thirty days, the specific risk may be individually submitted.

Special Personal Property: The Company will reinsure 100 percent of the inland marine liability.

Earthquake: The Company will reinsure 100 percent of each loss.

Comprehensive Personal and Farmers Comprehensive Personal Liability: The Company will reinsure 100 percent of the liability.

Pollution Clean Up and Removal: The Company will reinsure 100 percent of the liability.

Broker Assumed Reinsurance

The Company assumes reinsurance from mutual associations and/or companies, including through partnership with AON, Holborn, BMS, Acrisure, Guy Carpenter, Gallagher Re (Midwest/Willis Tower), Somerset and generally shares the assumption with other reinsurers.

Property & Casualty Excess of Loss: The Company assumes an ultimate net loss for each risk in excess of the ceding company's retention, subject to limits of liability. The Company offers multiple layers.

Property Catastrophe Excess of Loss: The Company assumes an ultimate net loss for each property loss occurrence in excess of the ceding company's retention, subject to limits of liability. The Company offers multiple layers.

Casualty Clash Excess of Loss: The Company assumes an ultimate net loss for each casualty loss occurrence, including but not limited to workers' compensation in excess of the ceding company's retention, subject to limits of liability.

Umbrella: The Company assumes a quota share participation rate on risks classified as Personal, Farm or Commercial umbrella business, subject to limits of liability.

Property Aggregate: The Company assumes coverage for an aggregate level of net ultimate loss over the specified Net Loss Ratio.

Property Per Risk: The Company assumes coverage for an aggregate level of net ultimate loss over the specified Net Loss Ratio.

Casualty Per Occurrence Net Quota Share: The Company assumes coverage for an aggregate level of net ultimate loss over the specified Net Loss Ratio.

Intercompany Reinsurance Agreements

The Company assumes 100% quota share of premiums, losses, and non-investment expenses from Grinnell Select effective January 2009 and Grinnell Compass effective October 2015.

Retrocessional Reinsurance

NAMIC Insurance Company, Inc. Retrocessional: Business classified by the primary insurer as directors and officers' liability insurance, insurance company professional liability insurance, agents' errors and omissions liability insurance, insurance company trustees and fiduciaries liability, and professional liability for insurance company associations. The Company accepts as reinsurance 3.69475 percent of the liability of each claim, each policy, and in the aggregate where applicable of the primary insurer's liability stated in the following two sections.

- Fifty percent of the first \$1,000,000 each claim, each policy and in the aggregate. Eighty percent of the next \$4,000,000 in excess of \$1,000,000 each claim, each policy and in the aggregate.
- The Company's obligation under the agreement shall be joint with the other participants. In an event of an insolvency of the insurer, the Company's limit of liability shall be extended to include its proportional share of the insurer's net retained liability under the four treaties. The maximum aggregate share of the liability under the agreement, for which the Company shall be liable, shall not exceed 7.41452 percent.

Kiln Syndicate Retrocessional: 2022 was the last year, however the Company continues to have prior activity. The Company assumes 0.25 percent of two syndicate pools of property reinsurance underwritten by Kiln through the London market. The assumption has a per event limit of \$135 million. Kiln may earn a contingent profit commission.

California Earthquake Property Catastrophe Excess of Loss Reinsurance – The Company accepts a 16.67% share This excess of loss agreement is for earthquake perils within the state of California under policies of Palomar Specialty Insurance Company & Palomar Excess and Surplus Insurance Company. The Company is liable in respect of each Loss Occurrence for the Ultimate Net Loss over and above an initial Ultimate Net Loss of \$1.8 billion each Loss Occurrence, subject to a limit of liability to the Reinsurer of \$30,000,000 each loss occurrence and for all loss occurrences. Premium shall be paid to the Company of \$375,000 per quarter and will be adjusted at 2.9797% multiplied by the Company's average annual loss as produced by RMS for the in-force portfolio as of June 30, 2023. This contract is only for 2023.

CEDED

Excess of Loss (Property)

This agreement applies to property business classified as Fire and Allied Lines, Windstorm, Cyclone, Tornado, Hurricane and Hail, Crop Hail, Earthquake, Inland Marine (including automobile physical damage comprehensive). The agreement covers 100% of \$45,000,000 per occurrence in excess of \$95,000,000 per occurrence, inclusive of underlying catastrophe reinsurance. Annual aggregate deductible of \$95,000,000.

<u>Treaty</u>	<u>Retention</u>	<u>Reinsurer Limit</u>	<u>Treaty Limit</u>	<u>Treaty Limit All Losses</u>
<u>Excess of Loss Reinsurance</u>				
First Layer	\$100,000,000	\$40,000,000	\$ 40,000,000	\$ 80,000,000
Second Layer	140,000,000	60,000,000	60,000,000	120,000,000
Third Layer	200,000,000	120,000,000	120,000,000	240,000,000

Excess of Loss Ratio

First Layer (77.73% placement)	Greater of \$420,000,000 or 90% loss ratio	\$ 30,000,000	\$ 30,000,000
Second Layer (77.07% placement)	\$30,000,000 plus greater of \$420,000,000 or 90% loss ratio	60,000,000	60,000,000
Third Layer (55.5% placement)	\$90,000,000 plus greater of \$420,000,000 or 90% loss ratio	90,000,000	90,000,000

Excess of Loss (Casualty)

Business covered includes Casualty Business, including Workers Compensation, Employers Liability, and Umbrella. No one liability policy will be written for limits exceeding \$1,000,000 per occurrence and the \$2,000,000 in the aggregate (excludes Umbrella and Workers' Compensation).

<u>Layer</u>	<u>Retention</u>	<u>Reinsurer Limit</u>	<u>Treaty Limit</u>
First Layer-Part A	\$ 1,000,000	\$ 1,000,000	Automatic Reinstatement
First Layer-Part B (Personal and Umbrella)	1,000,000	9,000,000	Automatic Reinstatement
Second Layer	2,000,000	3,000,000	\$ 6,000,000
Third Layer	5,000,000	5,000,000	10,000,000
Fourth Layer	10,000,000	20,000,000	20,000,000
Fifth Layer	30,000,000	10,000,000	10,000,000

Workers' Compensation Per Person Excess of Loss

First Layer: Business covered includes Workers Compensation and Employers Liability. The maximum claim for any one occurrence is \$15,000,000 per person, in excess of \$10,000,000 per person, with a maximum recoverable of \$30,000,000.

Second Layer: The maximum for any one occurrence is \$5,000,000, in excess of \$25,000,000, with a maximum recoverable of \$10,000,000.

Minnesota Workers Compensation Reinsurance Association

The State of Minnesota requires insurers operating in Minnesota to reinsure workers compensation risks with the State's Association. Insurers are not permitted to insure amounts less than retention limits provided. The Association does not provide employers liability coverage, so such coverage is provided to GMRC through its regular casualty treaties. This agreement has a retention of \$1,000,000.

Employment Practices Liability

This agreement applies to employment practices liability coverage. The reinsurer assumes 70 percent of all such liability with a limit of \$250,000 any one policy and in the aggregate annually.

Equipment Breakdown and Service Line

This agreement applies to equipment breakdown coverage under policies underwritten through member mutuals or by the Company. The reinsurer assumes 100 percent of all such liability with a limit up to \$100,000,000 per risk for commercial type policies and \$100,000 for homeowner and dwelling policies.

Excess of Loss (Property)

This agreement applies to the excess liability which may accrue to the Company as a result of any loss or losses which may occur during the term of this Contract and shall apply to all liability of the Company in force at the inception of this Contract or written or renewed during the term hereof, under its policies, contracts or binders of insurance or reinsurance issued by the Company in respect of all business classified by the Company as Property, including but not limited to fire, allied lines, inland marine, commercial multiple peril, business owners, homeowners multiple peril and farm owners multiple peril. The agreement became effective May 1, 2015, and is effective through May 1, 2016. The company can cancel the contract at January 1, 2016.

<u>Layer</u>	<u>Retention</u>	<u>Reinsurer Limit</u>	<u>Treaty Limit</u>
	\$	\$ 5,000,000	\$17,500,000
First Layer	1,500,000		
Second Layer	5,000,000	15,000,000	45,000,000
Third Layer	20,000,000	10,000,000	20,000,000

Casualty Quota Share Reinsurance Contract – Cyber Liability

This agreement applies to all claims made on or after October 1, 2016, to January 1, 2018, including any losses arising from extending reporting period endorsements attaching to said policies, not to exceed 18 months. This is a 100% quota share participation with a 35% ceding commission for all business classified by the Company as Information Security & Privacy Insurance. Special acceptance is required with limits greater than \$100,000. Can be terminated with 30 days' written notice. Extended to 12-month periods starting January 1, 2018.

Earthquake Property

This agreement applies to all property lines classified as earthquake business and applies to all policies in force January 1, 2017 and is unlimited in duration applying to loss occurrences once the policy is in force. This is a 100% cession with a 29% ceding commission.

Umbrella Quota Share Retrocession (Broker Assumed Reinsurance Accounts)

This agreement applies to GMRC retroceding 100% quota share participation including LAE arising from Commercial Umbrella, Personal Umbrella, and Farm Umbrella.

Casualty Excess of Loss Retrocession

This agreement applies to the Company retroceding participation for casualty business in New York domiciled companies Callicoon Cooperative Insurance Company, Central Co-operative, Cornerstone National Insurance Company, Finger Lakes Fire & Casualty Company, CFM Insurance, Inc., and Eastern Mutual Insurance Company, such casualty business to include, but not limited to: Business Owners Policy, Commercial Multiple Peril, Farm owners Multiple Peril, Homeowners Multiple Peril, and Workers Compensation required by New York Insurance Law. The Company has a \$1,000,000 retention, \$2,000,000 cession, and \$2,000,000 Ultimate Net Loss for each Loss Occurrence and \$4,000,000 for all Loss Occurrences.

Personal and Farm Cyber Quota Share

This agreement applies to the Company in which 100% of the liabilities under endorsements, policies, contracts and binder of insurance or reinsurance issued on or after the effective date covering business classified by the Company as Cyber Protection attaching to Personal and Farm coverages issued by the Company. The Company has a cession of 100% with a \$100,000, \$50,000, or \$25,000 per risk/policy depending upon option chosen.

STATUTORY DEPOSIT

As of December 31, 2024, the book/adjusted carrying value of special deposits held in trust by the Iowa Insurance Commissioner, for the benefit of all policyholders, totaled \$3,134,680.

TERRITORY AND PLAN OF OPERATION

The Company is a licensed insurer in the following jurisdictions:

Illinois	Missouri	Oklahoma
Indiana	Nebraska	Pennsylvania
Iowa	North Dakota	South Dakota
Minnesota	Ohio	Wisconsin

The Company is a qualified reinsurer in the following jurisdictions:

Arkansas	Michigan	Oregon
Connecticut	Montana	Tennessee
Kansas	New Jersey	Vermont
Kentucky	New York	Virginia
Maryland	North Carolina	West Virginia

The Company is currently authorized to write in 28 states. The Company provides reinsurance coverage for farm and county mutual members, including property, wind, hail and fire, and provides complimentary direct business coverage not provided by the mutual members, such as auto, recreational vehicle, business, and crop hail.

The Company's farm and county mutual reinsureds and their independent agents provide home, farm, business, vehicle, and liability insurance coverages to policyholders in 17 states primarily in the upper Midwest and Ohio River Valley.

Direct business is developed through approximately 3,177 independent producers that are also producers of the companies reinsured. While the bulk of the group's operations are conducted in Iowa, Minnesota, and Illinois (67% of direct business), business is also written in nine other states throughout the United States.

GROWTH OF COMPANY

The growth of the Company is reflected by the following data taken from the Company's copies of filed annual statements for the years indicated:

<u>Year</u>	<u>Admitted Assets</u>	<u>Surplus to Policyholder</u>	<u>Net Premiums Earned</u>	<u>Net Losses Incurred</u>	<u>Investment Income Earned</u>
2024	\$ 1,644,757,209	\$ 803,419,691	\$ 968,418,800	\$ 464,712,405	\$56,955,984
2023	1,361,298,121	533,295,086	824,442,553	738,720,716	49,460,908
2022	1,403,001,760	674,750,578	711,129,213	570,661,200	43,978,469
2021	1,490,195,713	771,500,572	668,532,144	492,164,482	51,806,714
2020	1,381,145,613	764,859,154	656,090,043	438,223,000	45,619,177

ACCOUNTS AND RECORDS

Trial balances of the Company's general ledgers were taken for each year under examination and were found to be in agreement with the office copies of the filed annual statements for those years.

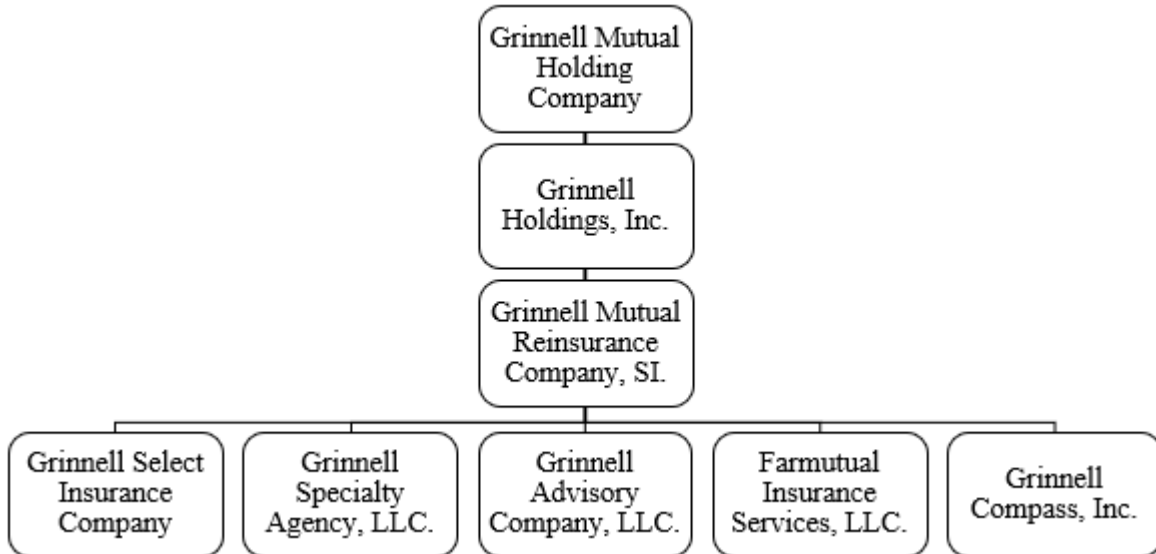
During the course of the examination, no material aggregate surplus difference was identified from the amount reflected in the financial statements, as presented in the annual statement at December 31, 2024.

SUBSEQUENT EVENTS

Holding Company Reorganization

Effective January 1, 2025, the Group reorganized to form a mutual insurance holding company. Grinnell Mutual Holding Company (GMHC) now is at the head of the Group followed by Grinnell Holdings, Inc (GHI), an intermediate stock holding company. Grinnell Mutual Reinsurance Company was re-named Grinnell Mutual Reinsurance Company, SI (GMRC) and was converted into a stock insurance company. The remaining affiliated companies remain as before under GMRC.

See below the updated organizational chart:



FINANCIAL STATEMENTS
AND COMMENTS THEREON

Note: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2024.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Ledger</u>	<u>Not Admitted</u>	<u>Admitted</u>
Bonds	\$ 1,141,754,143	\$	\$ 1,141,754,143
Stocks			
Preferred stocks	5,130,000		5,130,000
Common stocks	180,065,315	266,338	179,798,978
Real Estate			
Properties occupied by the company	11,515,124		11,515,124
Cash, cash equivalents, and short-term investments	106,705,301		106,705,301
Other invested assets	17,200,491	3,098,606	14,101,885
Investment income due and accrued	14,414,962		14,414,962
Uncollected premiums and agents' balances in the course of collection	61,159,250	347,393	60,811,857
Deferred premiums, agents' balances and installments booked but deferred and not yet due	83,161,539	223,528	82,938,011
Amounts recoverable from reinsurers	10,037,930		10,037,930
Funds held by or deposited with reinsured companies	21,172		21,172
Net deferred tax asset	17,585,902	14,164,195	3,421,707
Electronic data processing equipment and software	6,393,219	5,899,561	493,659
Furniture and equipment, including health care delivery assets	20,189	20,189	
Receivables from parent, subsidiaries and affiliates	120,212		120,212
Other assets nonadmitted	34,862,754	34,862,754	
Cash value of life insurance policy	13,492,269		13,492,269
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,703,639,773</u>	<u>\$ 58,882,563</u>	<u>\$ 1,644,757,209</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Loss	\$ 438,630,180
Reinsurance payable on paid losses and loss adjustment expenses	12,450,851
Loss adjustment expenses	78,272,952
Commissions payable, contingent commissions and other similar charges	12,952,214
Other expenses (excluding taxes, licenses, and fees)	24,608,872
Taxes, licenses and fees (excluding federal and foreign income taxes)	949,690
Current federal and foreign income taxes	9,378,000
Unearned premiums	233,542,279
Advanced premium	3,496,238
Dividends declared and unpaid to policyholders	442,021
Ceded reinsurance premiums payable (net of ceding commissions)	2,951,869
Funds held by company under reinsurance treaties	464,020
Amounts withheld or retained by company for account of others	958,329
Remittances and items not allocated	86,655
Provision for reinsurance	540,493
Payable to parent, subsidiaries and affiliates	7,085,126
Deferred compensation	<u>14,527,731</u>
 Total liabilities	 <u>\$ 841,337,520</u>
 Guaranty fund for state of Minnesota	 1,000,000
Unassigned funds (surplus)	802,419,691
 Surplus as regards policy holders	 <u>803,419,691</u>
 Total liabilities and surplus	 <u>\$ 1,644,757,211</u>

STATEMENT OF INCOME

Underwriting Income

Premiums earned	\$ 968,418,800
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Deductions

Losses incurred	\$ 464,712,405	
Loss adjustment expenses incurred	68,230,732	
Other underwriting expenses incurred	215,485,144	
Total underwriting deductions		<u>748,428,281</u>

Net underwriting gain (loss)	\$ 219,990,519
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Investment Income

Net investment income earned	\$ 56,955,984	
Net realized capital gains (losses) less capital gains tax	3,491,682	
Net investment income		60,447,666

Other Income

Net (loss) gain from agents or premium balance charged off	\$ (2,094,946)	
Finance and service charges not included in premiums	1,091,935	
Miscellaneous Income/(Expense)	(53,406)	
Total other income		<u>(1,056,417)</u>

Net income before dividend to policyholder	\$ 279,381,768
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Dividend to policyholder	<u>436,594</u>
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Net income before federal income tax	\$ 278,945,174
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Federal and foreign income taxes incurred	<u>19,034,151</u>
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Net income	<u>\$ 259,911,023</u>
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CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, prior year	<u>\$ 533,295,083</u>
<u>Gain and (Losses) in Surplus</u>	
Net Income	\$ 259,911,023
Change in net unrealized capital gains or (losses)	(1,938,114)
Change in net deferred income tax	(40,053,499)
Change in non-admitted assets	48,643,532
Change in provision for reinsurance	(482,071)
Sundry	(51,531)
Fines/penalty – Government entity	(1,875)
Change in net pension asset/liability	4,043,735
Change in provision for reinsurance	<u>(482,071)</u>
Change in surplus as regards policyholders for the year	<u>\$ 270,124,606</u>
Surplus as regards policyholders, December 31, current year	<u>\$ 803,419,689</u>

CASH FLOW STATEMENT

Cash from Operations

Premiums collected net of reinsurance	\$ 941,335,464	
Net investment income	56,764,099	
Miscellaneous income	<u>(1,056,417)</u>	
Total		\$ 997,043,146
Benefit and loss related payments	\$ 451,547,643	
Commissions, expenses paid and aggregate write-ins for deductions	257,149,341	
Dividends paid to policyholders	582,981	
Federal and foreign income taxes paid net of capital gains (losses)	<u>9,318,079</u>	
Total		<u>718,598,045</u>
Net cash from operations		<u>\$ 278,445,102</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:		
Bonds	\$ 347,493,723	
Stocks	50,987,420	
Other invested assets	<u>30,278</u>	
Total investment proceeds		\$ 398,511,422
Cost of investments acquired (long-term only):		
Bonds	\$ 533,766,772	
Stocks	67,070,260	
Real estate	19,234	
Other invested assets	<u>891,115</u>	
Total investments acquired		<u>\$ 601,747,380</u>
Net cash from investments		<u>\$ (203,235,959)</u>

Cash from Financing and Miscellaneous Sources

Other cash provided (applied)	<u>\$ 9,667,369</u>	
Net cash from financing and miscellaneous sources		<u>\$ 9,667,369</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net gain in cash, cash equivalents and short-term investments	\$ 84,876,513
Cash and short-term investments:	
Beginning of year	<u>21,828,789</u>
End of year	<u>\$ 106,705,302</u>

CONCLUSION

The cooperation and assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

In addition to the undersigned, examiners from the Iowa Insurance Division, and information specialists and actuarial specialists from INS Regulatory Insurance, Inc. participated in the examination and the preparation of this report.

Respectfully submitted,

/s/ Bob Wong

Bob Wong, CFE, CISA
Examiner-in-Charge
Iowa Insurance Division
State of Iowa