

EXAMINATION REPORT OF
HEARTLAND MUTUAL INSURANCE ASSOCIATION
ALGONA, IOWA
AS OF DECEMBER 31, 2015

Algona, Iowa
January 24, 2017

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

HEARTLAND MUTUAL INSURANCE ASSOCIATION

ALGONA, IOWA

AS OF DECEMBER 31, 2015

at its Home Office, 101 North Wooster Street, Algona, Iowa.

INTRODUCTION

The Heartland Mutual Insurance Association, hereinafter referred to as the "Association", was last examined as of December 31, 2012. The examination reported herein was conducted by the Iowa Insurance Division.

SCOPE OF EXAMINATION

This examination covers the intervening period from December 31, 2012 through December 31, 2015, the date of the present examination.

During the course of the examination, which was conducted in accordance with the procedures recommended by the Financial Condition (E) Committee of the National Association of Insurance Commissioners (NAIC), 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, 2015.

HISTORY

The Association was incorporated on April 1, 1887 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 1949.

Effective January 1, 1994, the Articles of Incorporation (Articles) and Bylaws were amended and substituted to change the name from Kossuth Mutual Insurance Association to Heartland Mutual Insurance Association. The Articles were also amended to have the Association change to a state mutual insurance association under Chapter 518A, Code of Iowa.

MANAGEMENT AND CONTROL

MEMBERSHIP

The membership of the Association shall consist of every individual or organization or other legal entity having insurance herein. Membership and insurance may be obtained only upon written application signed by the applicant,

shall commence only when accepted by the Association and shall cease when such insurance is canceled or terminates for any cause.

The regular annual meeting of the members shall be held on the first Wednesday in March at 9:30am. The annual meeting of the members and all special meetings will be held at Algona, Kossuth County, Iowa. As provided in the Articles, special meetings may be called by the President upon request by the majority of members of the board or upon written request by one-fourth of the members.

Each member present at any meeting shall be entitled to one vote on each question voted on at any membership meeting regardless of the number of policies owned by the member. No voting shall be permitted by proxy. A quorum shall consist of one more member than the number of Directors authorized by the Bylaws.

BOARD OF DIRECTORS

The corporate powers of the Association are vested in a Board of not less than five nor more than fifteen. Directors must be residents of the State of Iowa and be members of the Association. Not more than fifty percent of those individuals serving on the Board of Directors shall be insurance agents actively licensed with the Association.

One-third (1/3) of the members of the Board of Directors shall be elected at each annual meeting of the members for a term of three (3) years. Any vacancy on the Board may be filled for the unexpired term by a majority vote of the remaining directors. Members who have attained age sixty years or greater on the date of the members' annual meeting are not eligible for nomination or election to the Board. Directors who have attained age seventy years on the date of the annual meeting are ineligible for re-election. Board members who do not attend fifty percent of the meetings may be asked to resign.

The regular annual Board meeting shall be held immediately following the adjournment of the regular annual members meeting. Therefore special meetings may be called by the President and shall be called upon request of any five directors, by giving five days notice by regular mail to each director. Special meetings may be held without notice if a waiver of notice is signed by all directors consenting to the meeting and a quorum of directors is present. A majority of the number of directors constitutes a quorum for the transaction of business at any meeting.

A director who attends a meeting at which action on a corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes or he files a written dissent to such action with the Secretary before the meeting adjourns. The dissent does not apply to a director who voted in favor of such action. Directors received a \$300 fee for each meeting attended and \$0.575 per mile for travel expenses.

Directors serving as of December 31, 2015 were:

<u>Name</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Dwayne Eden Wesley, Iowa	Farmer	2016
Tom Powers Pocahontas, Iowa	Agent	2016
John Cowin Ledyard, Iowa	Agent	2016
Steve Lane Farnhamville, Iowa	Bank President	2017

<u>Name</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Mike Peterson Des Moines, Iowa	Retired Agent	2017
Jason Helmers Algona, Iowa	Agent	2017
*William Hanson Fort Dodge, Iowa	Investment Advisor	2018
Marsha Farnham Gowrie, Iowa	Agent	2018
Tracy Studer Wesley, Iowa	Farmer	2018

* This director is not a licensed agent of the Association, but is licensed to sell life, accident and health products as well as an investment advisor.

COMMITTEES

The Board of Directors annually appoints an Executive Committee consisting of the Chairman of the Board, Vice Chairman of the Board and one director. Serving on the committee at December 31, 2015 were:

Chairman of the Board	Dwayne Eden
Vice Chairman	Tom Powers
Appointed by the Chairman	Jason Helmers

A Strategic Planning Committee formed in 2010. As of the exam date, all directors participate in Strategic Planning issues.

OFFICERS

The Board of Directors at its regular annual meeting each year shall elect for a term of one year a Chairman, Vice Chairman, President, Secretary, Treasurer and such other officers as deemed necessary. In its discretion, it may leave unfilled for any such period as it may fix by resolution, any office except that of President, Treasurer and Secretary. Any two offices, except those of President and Secretary, may be held by the same person.

Duly elected and qualified officers serving the Association at December 31, 2015 were as follows:

<u>Name</u>	<u>Title</u>
Bruce D. Thomas	President and Treasurer
Jared J. Carlson	Executive Vice President and Secretary
Dwayne Eden	Chairman of the Board
Tom Powers	Vice Chairman of the Board

The salaries and other remunerations of officers and directors are shown in Exhibit A found immediately after the signature page of this report.

CONFLICT OF INTEREST

The Association has an established procedure for disclosure to its Board of Directors of any material interest or affiliation on the part of its officers, directors or key employees which is in or likely to be in conflict with the official duties of such person. Statements are circulated and signed annually by members of

the Board, officers and responsible employees. Potential conflicts were disclosed to the Board for the examination period under review.

CORPORATE RECORDS

The Articles were Amended and Restated during the examination period to change the annual meeting of the members from 10:00am to 9:30am. The Articles were approved by the members at the 2015 annual meeting, and approved by the Iowa Insurance Division on August 13, 2015.

The Bylaws of the Association were also Amended and Restated. Changes to the Bylaws included, but were not limited to the new time for annual meetings of the members, and a requirement that not more than 50 percent of Board members shall be licensed insurance producers. Amended Bylaws were not filed timely with the Iowa Insurance Division.

The recorded minutes of the Membership and Board of Directors meetings were read and noted. The minutes of the Board of Directors meeting reflected the Examination Report as of December 31, 2012 was discussed and approved at the September 10, 2013 Board meeting.

AFFILIATES

The Association owns 100 percent of the KMI Insurance Agency, Inc., (KMI). KMI currently has no employees, facilities, or paid up capital.

FIDELITY BOND AND OTHER INSURANCE

The Association is protected by a blanket bond in the amount of \$250,000 in the aggregate. The bond is renewed for a three year term and meets the minimum recommended requirements.

Policies for other coverages, placed with authorized insurers, were as follows:

- Workers' compensation and employers' liability
- Commercial property and contents
- Commercial general liability
- Business automobiles
- Commercial umbrella
- Equipment breakdown on boiler and machinery
- Personal umbrella for the President and Executive Vice President
- Inland marine

In addition, the Association has a directors' and officers' liability policy and a professional liability policy with a non-admitted insurer qualified to write excess and surplus lines coverage in Iowa.

EMPLOYEES' WELFARE

The Association provides health, life, and vision insurance. For health insurance, employee premiums are \$12 per year for single employees and \$72 per year for employees with a family. Life insurance coverage of up to \$2,000 is provided.

The defined benefit pension plan was terminated in December, 2014. Total contributions to the defined benefit pension plan were \$12,000, \$80,643, and \$0 for 2013, 2014 and, 2015 respectively. Two participants elected the annuity option and continue to receive their payments from the annuity. The minutes were silent as to Board approval of termination of the defined benefit plan.

The Association maintains a 401(k) retirement plan for its employees. The Association will match 50 percent of the employee's contribution up to 3 percent of

gross wages. The Association also makes a Safe Harbor contribution which consists of 3 percent of an employee's gross wages and is not dependent on any employee participation. The total contribution paid by the Association to the 401(k) plan was \$35,451, 34,949, and \$39,894 for 2013, 2014, and 2015.

The Association also provides the use of a company owned vehicles to field staff and management for business use and provided fuel reimbursement to those employees with company vehicles. Employees without access to a company vehicle are reimbursed for mileage when their personal vehicle is used for company business.

REINSURANCE

Reinsurance treaties in force as of December 31, 2015 with an authorized insurer providing coverage for property business, including fire and allied lines, extended coverage and inland marine risk were as follows:

CEDED

First Excess of Loss

\$175,000 in excess of \$125,000 each and every risk resulting from one loss occurrence including loss adjustment expenses.

Second Excess of Loss

\$450,000 in excess of \$300,000 each and every risk resulting from one loss occurrence including loss adjustment expenses.

Third Excess of Loss

\$750,000 in excess of \$750,000 each and every risk resulting from one loss occurrence including loss adjustment expense.

First Catastrophe Excess of Loss Reinsurance

\$2,750,000 in excess of \$750,000 each and every risk resulting from one loss occurrence including loss adjustment expenses. Included in the cost is an additional reinstatement of coverage of \$2,750,000 to be used on qualifying events throughout the annual period. A qualifying event is defined as a net loss incurred by the Association as a result of an accumulation of wind/hail losses over a 96 hour period.

First Aggregate Excess of Loss

The reinsurer shall indemnify the Association for 100 percent of the amount by which the aggregate net losses, including loss adjustment expenses, incurred during an annual period, exceeds 60 percent of the Association's net premiums written. The reinsurer's limit of liability shall be 65 percent of the Association's net premiums written, in respect to net losses incurred by the Association during the annual period.

In respect of each annual period the agreement is in effect, the Association shall retain net for its own account, an amount of net losses, including loss adjustment expenses, equal to not less than 60 percent of the Association's net premiums written.

Second Aggregate Excess of Loss

The reinsurer shall indemnify the Association for 100 percent of the amount by which the aggregate net losses, including loss adjustment expenses, incurred during an annual period, exceeds 125 percent of the Association's net premiums written. The reinsurer's limit of liability shall be 100 percent of the Association's net premiums written, in respect to net losses incurred by the Association during the annual period.

In respect of each annual period the agreement is in effect, the Association shall retain net for its own account, an amount of net losses, including loss adjustment expenses, equal to not less than 125 percent of the Association's net premiums written.

Facultative Pro Rata

The Association may cede on a 100 percent pro rata basis the amount of any single risk which exceeds its reinsurance limit of \$1,500,000, per location, per loss occurrence. As of the exam date, the Association has 24 policies with Facultative Pro-Rata Reinsurance.

Excess Facultative

The Association may also cede the amount of any single risk which exceeds its reinsurance limit of \$1,500,000, per a single or multiple locations, per loss occurrence. As of the exam date, the Association has 137 policies with Excess Facultative Reinsurance. Several policies with both Facultative and Excess Facultative Reinsurance were reviewed.

MARKET CONDUCT

TERRITORY AND PLAN OF OPERATION

The Association may write in thirty-four counties in the State of Iowa. The permitted writing territory is composed of the following counties: Boone, Buena Vista, Butler, Calhoun, Carroll, Cerro Gordo, Cherokee, Clay, Dallas, Dickinson, Emmet, Floyd, Franklin, Greene, Grundy, Guthrie, Hamilton, Hancock, Hardin, Humboldt, Ida, Kossuth, Mitchell, O'Brien, Osceola, Palo Alto, Pocahontas, Polk, Sac, Story, Webster, Winnebago, Worth, and Wright.

PRODUCER LICENSING

Operations are conducted by approximately 251 independent licensed and appointed agents from 35 insurance agencies who solicit the Association's business. The insurance agencies collectively have 33 additional locations.

Policies are written or renewed for a one year period with premiums payable monthly via electronic funds transfer, credit card or agency sweep account, quarterly, semi-annually or annually. The Association underwrites these policies every three years.

POLICY FORMS AND UNDERWRITING PRACTICES

The Association has policies in force on farm personal property, homeowners and country homeowners classes in insurance covering fire, allied lines and inland marine.

Policy and endorsement forms have been filed and approved. The policies and endorsements utilized by the Association are approved by the Board of Directors prior to usage.

TREATMENT OF POLICYHOLDERS

Claims

Adjustment of claims is handled primarily by the Association's salaried claim office personnel located in Algona.

Numerous claim files were reviewed to determine adequacy of loss reserves and the treatment of policyholders. Of the claims reviewed, 100 percent were paid within fifteen days from the date sufficient information was received to pay the claim.

Complaint Register

The Association did maintain a complaint register as promulgated by rules set forth in Iowa Administrative Code 191-15. There were two Iowa Insurance Division complaints filed during the examination period. Both were adjudicated by the Iowa Insurance Division and were properly handled by the Association.

GROWTH OF THE ASSOCIATION

The following historical financial data, taken from annual statements for the years indicated, reflects the growth of the Association:

<u>Year</u>	<u>Admitted Assets</u>	<u>Surplus to Policyholders</u>	<u>Net Premiums Earned</u>	<u>Net Losses Incurred</u>	<u>Investment Income Earned</u>
2013	8,208,977	3,826,374	5,360,978	2,393,524	106,498
2014	8,136,366	4,074,034	5,266,112	3,155,661	128,316
2015	9,085,972	4,751,467	4,859,113	1,880,866	135,168

UNDERWRITING EXPERIENCE

THREE YEAR PERIOD ENDED DECEMBER 31, 2015

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Premiums earned	<u>\$5,374,621</u>	<u>\$5,266,112</u>	<u>\$4,859,113</u>	<u>\$15,499,846</u>
<u>Incurred Deductions</u>				
Losses	\$2,481,370	\$3,155,661	\$1,797,602	\$ 7,434,633
Loss adjustment expenses	284,951	285,235	326,211	896,397
Commissions	1,253,136	1,061,029	1,248,428	3,562,593
Salaries	299,280	300,955	353,858	954,093
Taxes, licenses and fees	102,094	97,510	103,391	302,995
Other underwriting expenses	<u>475,217</u>	<u>475,638</u>	<u>426,620</u>	<u>1,377,475</u>
Total deductions	<u>\$4,896,048</u>	<u>\$5,376,028</u>	<u>\$4,256,110</u>	<u>\$14,528,186</u>
Net underwriting gain (loss)	<u>\$ 478,573</u>	<u>\$ (109,916)</u>	<u>\$ 603,003</u>	<u>\$ 971,660</u>

Expressed in % of incurred deductions to earned premiums:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
<u>Incurred Deductions</u>				
Losses	46.17	59.92	36.99	47.97
Loss adjustment expenses	5.30	5.42	6.71	5.78
Commissions	23.32	20.15	25.69	22.98
Salaries	5.57	5.71	7.28	6.16
Taxes, licenses and fees	1.90	1.86	2.14	1.95
Other underwriting expenses	<u>8.84</u>	<u>9.03</u>	<u>8.78</u>	<u>8.89</u>
 Total deductions	 <u>91.10%</u>	 <u>102.09%</u>	 <u>87.59%</u>	 <u>93.73%</u>
Net underwriting gain (loss)	<u>8.90%</u>	<u>(2.09)%</u>	<u>12.41%</u>	<u>6.27%</u>

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 balance of assets, liabilities, income or disbursements.

The Association has a profit sharing agreement in place for its agents and paid out significant profit share amounts. In 2014 the Association restructured the profit sharing agreement.

In accordance with Section 518A.37, Code of Iowa, surplus must be maintained at a level of not less than one hundred thousand dollars or one-tenth of one percent of the gross risk in force, whichever is greater. At December 31, 2015, the gross risk in force for the Association was \$1,928,029,046. The Association's statutory minimum surplus level as December 31, 2015 was \$1,928,029. It is noted the Association's surplus level to minimum surplus level ratio was 2.6/1. The reported surplus/statutory minimum ratio average for the Chapter 518A licensed industry at December 31, 2015 was 9.6/1.

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 of the year ended December 31, 2015 and the assets and liabilities as of that date. Schedules may not add or tie precisely due to rounding.

STATEMENT OF ASSETS AND LIABILITIES

	<u>ASSETS</u>		
	<u>Ledger</u>	<u>Not Admitted</u>	<u>Net Admitted</u>
Bonds	\$6,344,756	\$	\$6,344,756
Common stocks	1,174,736		1,174,736
Real estate properties occupied	168,248		168,248
Cash and short-term investments	206,273		206,273
Investment income due and accrued	56,808		56,808
Premiums and agents' balances in course of collection	141,972		141,972
Deferred premiums, agents' balances and installments booked but deferred and not yet due	798,410		798,410
Electronic data processing equipment and software	21,191		21,191
Furniture and equipment	24,994	24,994	
Automobiles	109,623	109,623	
Prepaid reinsurance	300,000		300,000
IMT overwrite receivable	2,710		2,710
Miscellaneous accounts receivable	2,368		2,368
Total Assets	<u>\$9,352,089</u>	<u>\$134,617</u>	<u>\$9,217,472</u>

LIABILITIES AND SURPLUS

Losses		\$ 268,119
Loss adjusting expenses		32,200
Commissions payable and other similar charges		137,635
Other expenses		8,054
Taxes, licenses and fees		5,034
Current federal taxes		104,354
Borrowed money		500,483
Unearned premiums		3,163,381
Advance premiums		164,616
Ceded reinsurance premiums payable		(10,788)
Amounts withheld or retained by Association for account of others		<u>35,921</u>
Total liabilities		\$4,409,009
Unassigned funds (surplus)		<u>\$4,808,463</u>
Total Liabilities and Surplus		<u>\$9,217,472</u>

UNDERWRITING AND INVESTMENT EXHIBIT
FOR THE ONE YEAR PERIOD ENDED DECEMBER 31, 2015
STATEMENT OF INCOME

<u>Underwriting income</u>		
Premiums earned		\$4,859,113
<u>Incurred deductions:</u>		
Losses incurred	\$1,797,602	
Loss adjustment expenses	326,211	
Commissions	1,248,428	
Salaries	353,858	
Taxes, licenses and fees	103,391	
Other underwriting expenses incurred	<u>426,620</u>	
Total underwriting deductions		<u>4,256,110</u>
Net underwriting gain (loss)		\$ 603,003
<u>Investment income</u>		
Net investment income earned	\$ 135,168	
Net realized capital gain (loss)	<u>(2,411)</u>	
Net investment gain (loss)		132,757
<u>Other income</u>		
Finance and service charges	\$ 189,398	
Overwrite fees	<u>45,172</u>	
Other income		<u>234,570</u>
Net income before Federal and foreign income taxes		\$ 970,330
Federal and foreign income taxes incurred		<u>210,434</u>
Net income		<u>\$ 759,896</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2014		<u>\$4,074,034</u>
<u>Gains and (Losses) in Surplus</u>		
Net income		\$ 759,896
Net unrealized capital gains (losses)		(30,971)
Change in non-admitted assets		<u>5,504</u>
Change in surplus as regards policyholders for the period		<u>\$ 734,429</u>
Surplus as regards policyholders, December 31, 2015		<u>\$4,808,463</u>

UNDERWRITING AND INVESTMENT EXHIBIT

FOR THE THREE YEAR PERIOD ENDED DECEMBER 31, 2015

STATEMENT OF INCOME

<u>Underwriting income</u>		
Premiums earned		\$15,499,846
<u>Incurred deductions</u>		
Losses incurred	\$7,434,633	
Loss expenses incurred	896,397	
Commissions	3,562,593	
Salaries	954,093	
Taxes, licenses and fees	302,995	
Other underwriting expenses incurred	<u>1,377,475</u>	
Total underwriting deductions		<u>14,528,186</u>
Net underwriting gain (loss)		\$ 971,660
<u>Investment Income</u>		
Net investment income earned	\$ 371,217	
Net realized capital gain (loss)	<u>197,839</u>	
Net investment gain (loss)		569,056
<u>Other income</u>		
Finance and service charges	\$ 525,326	
Overwrite fees	98,047	
Miscellaneous income	<u>6</u>	
Other income		<u>623,379</u>
Net income before Federal and foreign income taxes		\$ 2,164,095
Federal and foreign income taxes incurred		<u>352,284</u>
Net income		<u>\$ 1,811,811</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2012		\$ 2,931,280
<u>Gains and (Losses) in Surplus</u>		
Net income		1,811,811
Change in net unrealized capital gains (losses)		70,249
Change in non-admitted assets		<u>(4,877)</u>
Change in surplus as regards policyholders for the period		<u>\$ 1,877,183</u>
Surplus as regards policyholders, December 31, 2015		<u>\$ 4,808,463</u>

CASH FLOW

Cash from Operations

Premiums collected net of reinsurance	\$ 4,862,177
Net investment income	156,750
Miscellaneous income	<u>234,570</u>
Total	<u>\$ 5,253,497</u>
Benefit and loss related payments	\$ 1,218,957
Commissions, expenses paid and aggregate write-ins	2,532,944
Federal and foreign income taxes paid	<u>178,980</u>
Total	<u>\$ 3,930,881</u>
Net cash from operations	<u>\$ 1,322,616</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:	
Bonds	\$ 601,724
Stocks	721,236
Miscellaneous proceeds	<u>1</u>
Total investment proceeds	<u>\$ 1,322,961</u>
Cost of investments acquired (long-term only):	
Bonds	\$ 1,649,076
Stocks	<u>914,772</u>
Total investments acquired	<u>\$ 2,563,848</u>
Net cash from investments	<u>\$(1,240,887)</u>

Cash from Financing and Miscellaneous Sources

Borrowed funds	\$ 135,029
Other cash provided (applied)	<u>(300,278)</u>
Net cash from financing and miscellaneous sources	<u>\$ (165,249)</u>

Reconciliation of Cash and Short-Term Investments

Net change in cash and short-term investments	\$ (83,520)
Cash and short-term investments:	
Beginning of year	<u>289,793</u>
End of period	<u>\$ 206,273</u>

STATEMENT OF INCOME

SURPLUS AS REGARDS POLICYHOLDERS

Examination changes which resulted in a net increase to surplus are shown in the following statement of differences:

<u>Classification</u>	<u>Association Annual Statement</u>	<u>Examination Financial Statement</u>	<u>Surplus Increase (Decrease)</u>
<u>Liabilities</u>			
Losses	\$351,383	\$ 268,119	\$ 83,264
Loss adjustment expenses	7,500	32,200	(24,700)
Current federal income taxes	105,000	104,354	646
Amounts withheld or retained by the company for the account of others	33,707	35,921	<u>(2,214)</u>
Net increase in surplus			\$ 56,996
Surplus per Association			<u>\$4,751,467</u>
Surplus per examination			<u>\$4,808,463</u>

During the period under review surplus funds increased \$1,877,183 from the amount of \$2,931,280 shown in the last examination report. An operating statement reflecting the increase is shown in the financial section.

COMMENTS

Losses \$ 268,119

The liability was decreased \$83,264 to reflect current loss development.

Loss adjustment expenses \$ 32,200

An analysis of paid adjusting expenses to paid losses increased this liability by \$24,700.

Current federal income taxes \$ 104,354

This liability was decreased \$646 due to reporting actual amount of federal taxes owed at December 31, 2015.

Amounts withheld or retained by company for the account of others \$ 35,921

This liability was increased \$2,214 upon comparison of actual to the reported.

CONCLUSION

Acknowledgment is hereby made of the cooperation and assistance extended by the officers and employees of the Association during this examination.

Respectfully submitted,

/s/ Jerry P. Cihota
JERRY P. CIHOTA, CPA, CFE
Examiner Specialist
Insurance Division
State of Iowa