

APR 05 2026

FILED

CERTIFICATION

April 5, 2026

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

NEBRASKA FARMERS MUTUAL REINSURANCE ASSOCIATION

AS OF

DECEMBER 31, 2024

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



A handwritten signature in blue ink, appearing to read "Eric Dunning".

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

NEBRASKA FARMERS MUTUAL REINSURANCE ASSOCIATION

502 NORTH LINDEN STREET

WAHOO, NE 68066

dated as of December 31, 2024, verified under oath by the examiner-in-charge on March 9, 2026, and received by the company on March 12, 2026, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 26th day of March 2026.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink that reads "Tadd R. Wegner". The signature is written in a cursive style with a large initial 'T'.

Tadd Wegner, CFE
Chief Financial Regulator

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

NEBRASKA FARMERS MUTUAL REINSURANCE ASSOCIATION

as of

December 31, 2024

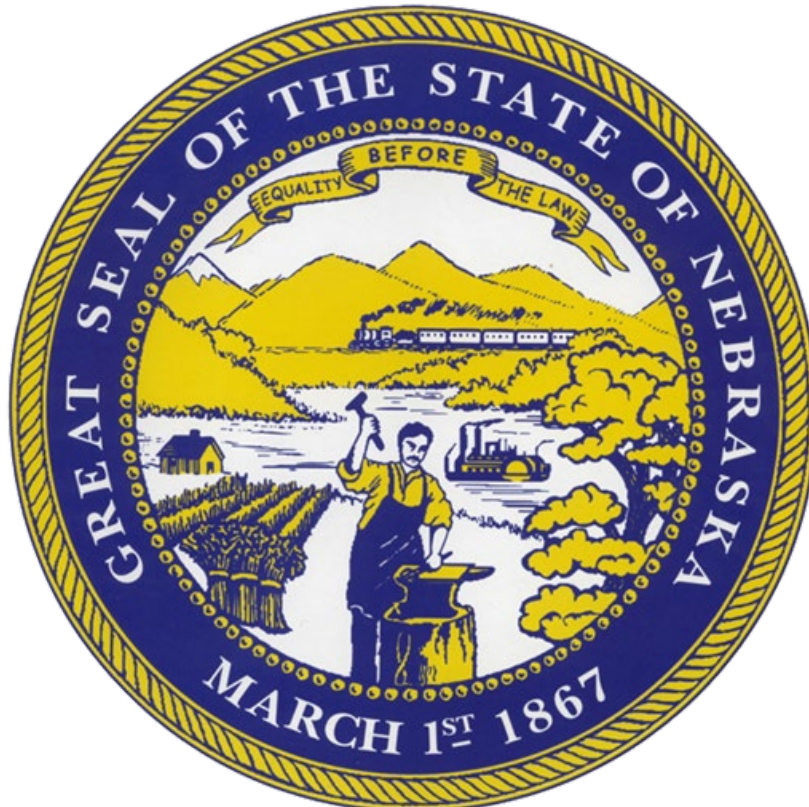


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Wahoo, Nebraska
February 18, 2026

Honorable Eric Dunning
Director of Insurance
Nebraska Department of Insurance
1526 K Street, Suite 200
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

NEBRASKA FARMERS MUTUAL REINSURANCE ASSOCIATION
502 North Linden Street
Wahoo, Nebraska 68066

(hereinafter also referred to as the “Association”) and the report of such examination is respectfully presented herein.

INTRODUCTION

The State of Nebraska last examined the Association as of December 31, 2020. The current financial condition examination covers the intervening period to and includes the close of business on December 31, 2024 and such subsequent events and transactions as were considered pertinent to this report. The State of Nebraska participated in this examination and assisted in the preparation of this report.

SCOPE OF EXAMINATION

The Nebraska Department of Insurance conducted this examination pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes.

The Nebraska Department of Insurance made a general review of the Association's operations and the manner which its business has been conducted to determine compliance with statutory and charter provisions. The Association's history was traced and has been set out in this report under the caption "Description of Association." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors, and the departmental organization of the Association. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Members and Board of Directors held during the examination period were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, approval of investment transactions and authorizations of salaries were also noted.

The fidelity bond and other insurance coverages protecting the Association's property and interests were reviewed. The Association's Certificate of Authority to conduct the business of insurance in the State of Nebraska was inspected and a survey was made of the Association's general plan of operation.

Data reflecting the Association's growth during the period under review is reflected in the financial section of this report under the caption "Body of Report."

The Association's reinsurance facilities were ascertained and noted and have been commented upon in this report under the caption "Reinsurance." Accounting records and procedures were tested to the extent deemed necessary through the examination process. The Association's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Association were considered in accordance with the provisions of Section §44-5904(1) of the Nebraska Insurance Statutes. The assets were verified and evaluated, and the liabilities were determined to present the statement of the Association's financial condition as of December 31, 2024.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF ASSOCIATION

HISTORY

The Association was incorporated in 1931 as an assessment association. In 1960, the Articles of Incorporation were amended to grant the Association perpetual existence. On December 30, 1985, the Articles of Incorporation were again amended to increase the Association's writing authority to include liability coverage. The Association is authorized to transact all types and kinds of insurance as defined in Subsections (5), (10), and (18) of Section §44-201 of the Nebraska Insurance Laws (property insurance, liability insurance, and marine insurance).

MANAGEMENT AND CONTROL

Membership

Article I, Section 1 of the Association's By-Laws states that, "only insurance associations or insurers approved by the Board of Directors shall be eligible to membership in this Association. Membership shall begin upon the taking effect of any reinsurance contract with this Association, and shall end on cancellation or other termination of said contract." Article VIII of the Association's Articles of Incorporation states that, "the annual meeting shall be held in the city or town where the principal office of the Association shall be located on the third

Wednesday in January of each year. The President, upon a petition signed by four Members of the Board, may designate a city or town in the State of Nebraska other than the city or town in which the principal office of the Association is located for the purpose of holding any annual or special meeting, but notice of such designation must be mailed to each Member at least thirty (30) days prior to the date of such meeting. Nine (9) Members shall constitute a quorum to transact business at any annual or special meeting of the Association.”

Surplus Note

On December 22, 2014, the Association was authorized by the Nebraska Department of Insurance to issue surplus notes not to exceed \$7,500,000, at a rate of 2.5% per annum. The Association issued \$6,390,000 in surplus notes on January 1, 2015, to member companies, Lyle Dokulil and one other individual that wished to remain anonymous. The balance of the surplus notes on December 31, 2024, was \$4,500,000.

Board of Directors

Article VII of the Association’s Articles of Incorporation states that, “seven Directors shall constitute a Board to manage the affairs of the Association, any four of whom shall constitute a quorum to transact business...The regular term of Directors shall be for three years, and shall be staggered in such manner that there are no more than three whose terms of office shall expire in any one year. Directors must be current or former Officers or Directors of member associations or insurers and be a current Member of member associations or insurers. The Board of Directors shall meet each year immediately following the annual meeting of the Members...”

The following individuals were serving as Directors on December 31, 2024:

<u>Name and Residence</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Loree Dahl Scribner, Nebraska	Secretary-Treasurer, German Mutual Insurance Company of Dodge County	2025
Randy Johnson Pleasant Dale, Nebraska	Agent, Farmers Mutual United Insurance Company	2026
Darin Sterup Osceola, Nebraska	Secretary-Treasurer, Polk & Butler Mutual Insurance Company	2026
Michael Wingert Plainview, Nebraska	Secretary-Treasurer, Northern United Mutual Insurance Company	2026
Doug Jones Osceola, Nebraska	President, Scandinavian Mutual Insurance Company of Polk County	2027
Loretta Morgan Axtell, Nebraska	Secretary-Treasurer, Scandinavian Mutual Insurance Company	2027
Megan Roth Cairo, Nebraska	Treasurer, German Farmers Mutual Assessment Insurance Association	2027

Article II, Section 6 of the Association’s By-Laws states that, “each Director shall receive such sum for his services as the Board of Directors shall by resolution adopt. In addition to such sum, each Director shall be reimbursed for necessary expenses incurred by him on behalf of the Association. Directors who receive an annual salary shall receive no per diem, but shall be entitled to be reimbursed only for necessary expenses.” As of December 31, 2024, Directors were compensated \$150 per meeting.

Officers

Article VI of the Association’s Articles of Incorporation states that, “the Officers of this Association shall consist of a President, Vice President, and Secretary-Treasurer and such other Officers as the By-Laws may provide. Such Officers shall be elected by the Board of Directors at the annual meeting held immediately following the annual meeting of the Members of the Association. Vacancies may be filled at any regular or special meeting of the Board of Directors.”

The following is a list of Officers elected and serving the Association on December 31, 2024:

<u>Name</u>	<u>Office</u>
Mike Wingert	President
Loree Dahl	Vice President
Andy Dokulil	Secretary-Treasurer

The Association did not report a Vice President on the December 31, 2024, Jurat Page. It is recommended that the Association appropriately report its elected Officers on the Jurat Page.

Committees

Article II, Section 5 of the Association’s By-Laws states that, “the President, or in his absence or inability to serve, the Vice President, and the Secretary-Treasurer shall constitute an Executive Committee which shall have the general management of the business of the Association at all times when the Board is not in session, and shall perform such other duties as may be prescribed by the Board.”

The following individuals were serving on the Executive Committee on December 31, 2024:

Loree Dahl	Andy Dokulil
------------	--------------

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Association is licensed to transact business in the State of Nebraska only and is authorized to transact the kinds of insurance prescribed by Section §44-201, subsections (5), (10), and (18) of the Nebraska Insurance Laws (property insurance, liability insurance, and marine insurance).

The Association reinsures twelve member companies whose primary business consists of property and marine insurance risks within the State of Nebraska. Reinsurance assumed from the members is on an excess of loss basis and consists of policies originally issued for fire, lightning, windstorm, hail, standard extended coverages, and other such coverages that may be approved by the Association's Board of Directors.

The liability portion of business written by member companies is underwritten by the Association, with 90% of the program reinsured. The business is processed through the Nebraska Farmers Agency, a corporation which is wholly owned by Andy Dokulil, the current Secretary-Treasurer of the Association.

REINSURANCE

Assumed

As of December 31, 2024, the Association reinsures its twelve members (reinsureds). Eleven of those reinsureds have identical reinsurance contracts with the Association. Under these agreements for the calendar year 2024, the Association is liable for 100% of the amount by which a reinsured's aggregate ultimate net losses incurred during the term of the contract exceeds the ultimate retention. A preliminary retention is calculated based on each reinsured's insurance in force on December 31, of the immediately preceding year. The ultimate retention is

calculated based on the average insurance in force and calculated after year end. The 2024 retention rate was \$950 per million of insurance in force.

If, prior incurring ultimate net losses which exceed the reinsured's initial retention, the reinsured incurs a reinsured loss on a single risk greater than \$40,000, the Association will assume 100% of the amount of that loss over the reinsured's applicable excess per risk retention. Recoveries made under this provision that are greater than recoveries available under the aggregate coverage are deducted from subsequent aggregate payments. If the reinsured recovers under this coverage but its net losses do not exceed its ultimate retention for the year, the amount recovered per risk between the single risk retention and 1/8th of 1 percent of the reinsured's January 1st insurance in force must be refunded to the Association prior to March 1 of the next year.

The reinsured agrees to retain the first \$1,000 of each risk, each loss, as respects mobile home risks located in trailer courts. The limit of coverage is \$48,000 per trailer court. Two or more trailers in one location constitute a trailer court.

If a reinsured has a deficit balance at the ending effective date and chooses not to continue to be a reinsured member of the Association in the following year, there is a withdrawal payment. The withdrawal payment is 50% of the current year's assessment. This does not apply if the entity merges or consolidates with another Member company and continues to be a Member.

The anomaly with the Association's assumed reinsurance program is Grange Mutual Insurance Company of Custer County (Grange). The difference being that Grange does not retain any of its business written and the Association assumes 100%.

Ceded

The Association has in effect five layers of aggregate excess reinsurance protection against losses assumed from twelve member companies. These layers are as follows:

First Layer	\$ 7,000,000 XS \$20,000,000
Second Layer	\$10,000,000 XS \$27,000,000
Third Layer	\$10,000,000 XS \$37,000,000
Fourth Layer	\$20,000,000 XS \$47,000,000
Fifth Layer	\$20,000,000 XS \$67,000,000

Premiums for these coverages, by layer, are as follows:

First Layer	The greater of the minimum premium of \$2,352,000 or 70.73% per \$1,000 of average insurance liability in force. A deposit premium of \$2,940,000 is payable in \$735,000 quarterly installments.
Second Layer	The greater of the minimum premium of \$2,040,000 or 61.34% per \$1,000 of average insurance liability in force. A deposit premium of \$2,550,000 is payable in \$637,500 quarterly installments.
Third Layer	The greater of the minimum premium of \$1,000,000 or 30.07% per \$1,000 of average insurance liability in force. A deposit premium of \$1,250,000 is payable in \$312,500 quarterly installments.
Fourth Layer	The greater of the minimum premium of \$1,200,000 or 36.08% per \$1,000 of average insurance liability in force. A deposit premium of \$1,500,000 is payable in \$375,000 quarterly installments.
Fifth Layer	The greater of the minimum premium of \$800,000 or 24.06% per \$1,000 of average insurance liability in force. A deposit premium of \$1,000,000 is payable in \$250,000 quarterly installments.

The Association also obtains liability coverage, whereby the Association cedes 90% of all liability insurance that it assumes from its Member companies. The Association is reimbursed for the quota share of losses under policies, loss adjustment expenses, extra contractual obligations, and loss in excess of policy limits. Farm Mutual Reinsurance Plan Inc. assumes 5% and Renaissance Reinsurance U.S Inc. assumes 85% under the agreement brokered by Guy Carpenter.

General

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. All contracts contained the clauses necessary to assure reinsurance credits could be taken.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Association during the period covered by this examination:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds			\$2,532,822	\$ 994,960
Common stocks	\$1,258,335			
Cash, cash equivalents, and short-term investments	3,032,971	\$3,329,775	4,131,155	4,368,352
Admitted assets	6,317,341	5,512,978	9,155,173	7,750,973
Losses	543,700	185,567	1,781,784	706,297
Total liabilities	2,024,199	892,555	3,152,858	1,521,859
Capital and surplus	4,288,142	4,620,423	6,002,315	6,229,114
Premiums earned	2,954,704	3,829,353	7,165,500	16,875,839
Net investment income	(154,387)	(139,996)	(8,930)	178,681
Losses incurred	3,489,480	3,134,145	5,293,276	16,040,553
Net income	(902,054)	337,030	1,347,163	229,594

FINANCIAL STATEMENTS

The following statement of admitted assets and liabilities, together with the accompanying summary of operations, reflects the financial condition of the Association on December 31, 2024 and its transactions during the year 2024 as determined through this examination. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2024

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 994,960		\$ 994,960
Cash and cash equivalents	<u>4,368,352</u>		<u>4,368,352</u>
Subtotal, cash and invested assets	\$5,363,312		\$5,363,312
Investment income due and accrued	5,221		5,221
Uncollected premiums	356,990		356,990
Amounts recoverable from reinsurers	1,943,075		1,943,075
Furniture and equipment	19,372	\$19,372	
Excess risk advances	34,492		34,492
Advances to adjuster	<u>47,883</u>	<u> </u>	<u>47,883</u>
Totals	<u>\$7,770,345</u>	<u>\$19,372</u>	<u>\$7,750,973</u>
 <u>Liabilities, Surplus, and Other Funds</u>			
Losses			\$ 706,297
Taxes, licenses and fees			5,214
Unearned premiums			77,279
Ceded reinsurance premiums payable			<u>733,069</u>
Total liabilities			<u>\$1,521,859</u>
Unrealized gain			\$ 24,813
Surplus notes			4,500,000
Unassigned funds			<u>1,704,301</u>
Total capital and surplus			<u>\$6,229,114</u>
Total liabilities, capital and surplus			<u>\$7,750,973</u>

STATEMENT OF INCOME – 2024

Underwriting Income

Premiums earned	\$16,875,839
Losses incurred	\$16,040,553
Loss adjustment expenses incurred	259,229
Other underwriting expenses incurred	<u>560,487</u>
Total underwriting deductions	<u>\$16,860,269</u>
Net underwriting gain	<u>\$ 15,570</u>

Investment Income

Net investment income earned	<u>\$ 178,681</u>
Net investment gain	<u>\$ 178,681</u>

Other Income

Commissions	\$ 38,878
Misc. income	<u>(3,535)</u>
Total other income	<u>\$ 35,343</u>
Net income before federal income taxes	\$ 229,594
Federal income taxes incurred	<u>0</u>
Net income	<u>\$ 229,594</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Capital and surplus, beginning	<u>\$5,182,821</u>	<u>\$4,288,142</u>	<u>\$4,620,423</u>	<u>\$6,002,315</u>
Net income	\$ (902,054)	\$ 337,030	\$1,347,163	\$ 229,594
Change in net unrealized capital gains	5,971	(5,971)	33,508	(8,695)
Change in nonadmitted assets	1,404	1,222	1,221	679
Examination adjustment	_____	_____	_____	<u>5,221</u>
Net change for the year	<u>\$ (894,679)</u>	<u>\$ 332,281</u>	<u>\$1,381,892</u>	<u>\$ 226,799</u>
Capital and surplus, ending	<u>\$4,288,142</u>	<u>\$4,620,423</u>	<u>\$6,002,315</u>	<u>\$6,229,114</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$1,699,080, as reported in the Association’s 2024 Annual Statement has been increased to \$1,704,301 as result of examination adjustments noted below:

	<u>Per Company</u>	<u>Per Examination</u>	<u>Increase (Decrease)</u>
<u>Assets</u>			
Investment income due and accrued	\$0	\$5,221	<u>\$ 5,221</u>
<u>Net Increase (Decrease) to Surplus</u>			<u>\$ 5,221</u>
Surplus as regards policyholders, December 13, 2024, per Company			<u>\$1,699,080</u>
Surplus as regards policyholders, December 31, 2024, per Examination			<u>\$1,704,301</u>

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

The recommendations appearing in the previous report of examination are reflected below together with the remedial actions taken by the Association to comply therewith:

Number of Directors – It is recommended that the Association ensure the number of Directors serving on the Board of Directors is consistent with the Articles of Incorporation.

Action: The Association has complied with this recommendation.

Conflict of Interest – It is recommended that the Association require its Officers and Directors to complete conflict of interest disclosures on an annual basis.

Action: The Association has not complied with this recommendation. This recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

Election and Reporting of the Vice President – It is recommended that the Association elect a Vice President, per the Articles of Incorporation and accurately report on the Jurate Page.

Action: The Association has not completely complied with this recommendation. A portion of this recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

Schedule F Presentation – It is recommended that the Association complete all applicable sections of Schedule F.

Action: The Association has not complied with this recommendation. This recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Safekeeping Agreement

The Association entered into a custodial agreement with Fidelity Investments, which does not meet all requirements of Nebraska Insurance Rules and Regulations, Title 210, Chapter 81. It is recommended that the agreement be amended to fully comply with Nebraska Insurance Rules and Regulations, Title 210, Chapter 81, specifically subsections (f), (g), (m), (n), and (o).

Conflict of Interest

The exam team was unable to procure signed and dated conflict of interest statements for Andy Dokulil and Megan Roth. It is again recommended that the Association require its Officers

and Directors to complete conflict of interest statements on an annual basis and include the date of completion.

Schedule F Presentation

The prior examination found that the Association was not entirely completing Schedule F, specifically parts three through seven. It is again recommended that the Association complete Schedule F entirely, to accurately illustrate reinsurance activity.

Investment Written Plan

The Association currently does not have a formal written investment plan. §44-5105(2) of the Insurers Investment Act states that, “the Board of Directors, after reviewing and assessing the insurer’s technical investment and administrative capabilities and expertise, shall adopt a written plan for making investments and for engaging in investment practices. The plan shall specify, unless otherwise authorized by the Director of Insurance, the quality, maturity, and diversification of investments, including investment strategies intended to assure that the investments and investment practices are appropriate for the business conducted by the insurer, its liquidity needs, and its capital and surplus. At least annually, the Board of Directors or a committee of the Board of Directors shall review and revise, as appropriate, the written plan.” It is recommended that the Association adopt a formal written investment policy to comply with the Insurers Investment Act §44-5105(2).

Interest Due and Accrued

The Association’s annual statement from Hightower and Fidelity Investments details accrued interest of \$5,220.99. The Association did not include the accrued interest as an asset in its 2024 annual statement. It is recommended that the Association report its accrued interest as an

asset on page 2, line 14 of the annual statement and include the corresponding increase to surplus.

Reinsurance Contracts

The Association currently does not have signed reinsurance contracts with York County Farmers Mutual Insurance Company and German Farmers Mutual of Hall County. It is recommended that the Association retain signed versions of the reinsurance contracts with its counterparties.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

Reporting of the Vice President – It is recommended that the position of Vice President be included when completing the Jurat Page.

Safekeeping Agreement – It is recommended that existing custodial agreement be amended to fully comply with Nebraska Insurance Rules and Regulations, Title 210, Chapter 81, specifically subsections (f), (g), (m), (n), and (o).

Conflict of Interest – It is again recommended that the Association require its Officers and Directors to complete conflict of interest statements on an annual basis and include the date of completion.

Schedule F Presentation – It is again recommended that the Association complete Schedule F entirely, to accurately illustrate reinsurance activity.

Investment Written Plan – It is recommended that the Association adopt a formal written investment policy to comply with the Insurers Investment Act §44-5105(2).

Interest Due and Accrued – It is recommended that the Association report its accrued interest as an asset on page 2, line 14 of the annual statement and include the corresponding increase to surplus.

Reinsurance Contracts – It is recommended that the Association retain signed versions of the reinsurance contracts with its counterparties.

ACKNOWLEDGMENT

The courteous cooperation extended by the Officers and employees of the Association during this examination is hereby acknowledged.

In addition to the undersigned, Alexis Anderson, CFE, Financial Examiner with the Nebraska Department of Insurance, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Isaak Russell', written in a cursive style.

Isaak Russell, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska

State of Nebraska,

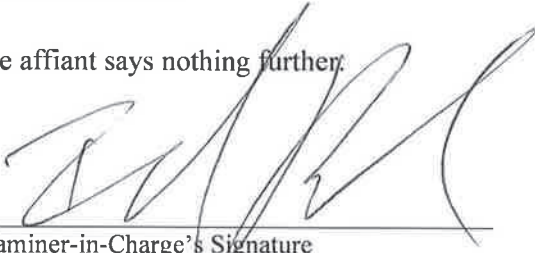
County of Lancaster,

Isaak Russell, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Nebraska Farmers Mutual Reinsurance Association.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Nebraska Farmers Mutual Reinsurance Association.

was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.



Examiner-in-Charge's Signature

Subscribed and sworn before me by Isaak Russell on this 7th day of March, 2026.

(SEAL)



Lori L. Bruss
Notary Public

My commission expires July 21, 2028 [date].