

JUN 22 2026

FILED

# CERTIFICATION

June 22, 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

**OLIVE BRANCH ASSESSMENT INSURANCE SOCIETY, INC.**

**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", is written over a horizontal line.

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**OLIVE BRANCH ASSESSMENT INSURANCE SOCIETY, INC.**

**18930 MARKET STREET**

**SPRAGUE, NE 68438**

dated as of December 31, 2024, verified under oath by the examiner-in-charge on  
May 8, 2026, and received by the company on May 29, 2026, has been adopted  
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 12<sup>th</sup> day of June 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**

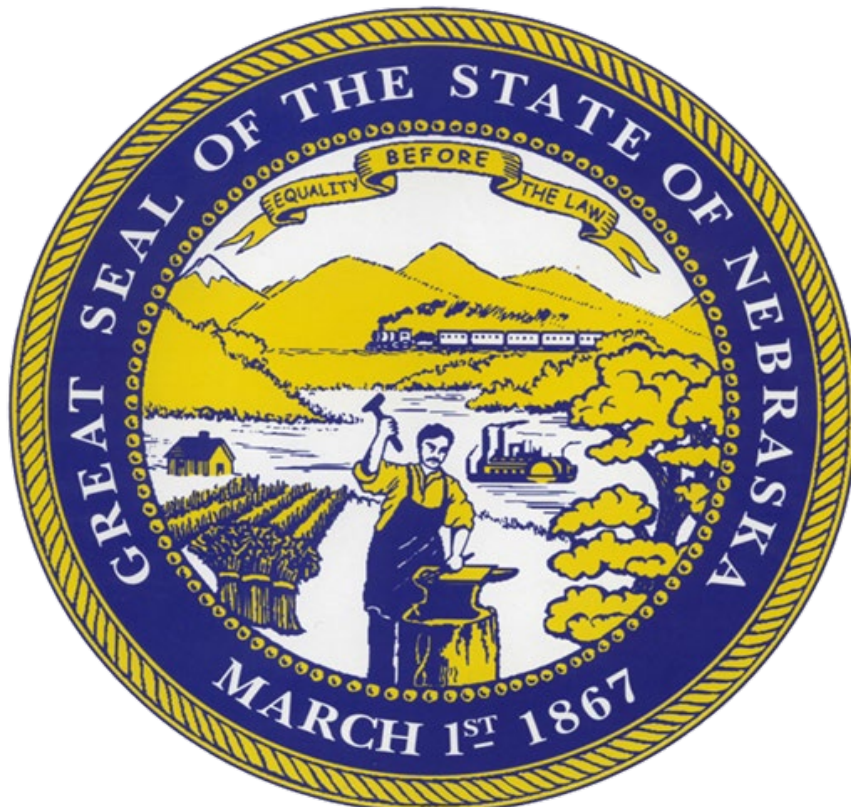
**EXAMINATION REPORT**

**OF**

**OLIVE BRANCH ASSESSMENT INSURANCE SOCIETY, INC.**

**as of**

**December 31, 2024**



Sprague, Nebraska  
May 7, 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:

**OLIVE BRANCH ASSESSMENT INSURANCE SOCIETY, INC.**  
**18930 Market Street**  
**Sprague, Nebraska 68438**

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

### **INTRODUCTION**

The State of Nebraska last examined the Society as of December 31, 2019. 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 the provisions of Section §44-5904(1) of the Nebraska Insurance Statutes.

The Nebraska Department of Insurance made a general review of the Society’s operations and the manner in which its business has been conducted in order to determine compliance with

statutory and charter provisions. The Society's history was traced and has been set out in this report under the caption "Description of Society." All items pertaining to management and control were reviewed. 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 and election of Directors and Officers were also noted.

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

The Society'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 substantive examination process.

All accounts and activities of the Society 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 in order to present the statement of the Society'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 COMPANY**

### **HISTORY**

The Society was organized as Olive Branch Fire and Lightning Aid Society, Inc., an unincorporated mutual association, in 1873. On February 10, 1969, the Society was incorporated. In March 1969, the Articles of Incorporation were amended to change the Society's name to Olive Branch Assessment Insurance Society, Inc. and the principal office to Sprague, Nebraska. The Society was subsequently licensed on April 1, 1969. The Articles of Incorporation were amended in 1993 to further provide for the Society's perpetual existence.

### **MANAGEMENT AND CONTROL**

#### **Members**

Article VI of the Society's Articles of Incorporation states that, "every person, corporation, association or partnership insured by the corporation shall be a Member of the corporation and entitled to one vote on each matter submitted to a vote at an annual or special meeting of the Members." Article VI of the Society's By-Laws states that, "the annual meeting of the Members of this Society shall be held in Sprague, Nebraska, on or before May 31<sup>st</sup> of each year as required by law. The specific time and date of the annual meeting shall be set by the Board of Directors. Special meetings of the Members may be called by the President or the Board of Directors or by a request in writing of twenty-five or more Members of the Society for any special purpose." Article VI of the Society's By-Laws continues to state that, "at all meetings of the Members, twelve Members shall constitute a quorum, provided however, a smaller number may adjourn any meeting to a future date."

**Board of Directors**

Article VII of the Society’s Articles of Incorporation states that, “the business and affairs of the corporation shall be managed by a Board of Directors, seven in number. All members of the Board shall be insured policyholders of the corporation. The Directors shall be elected at the annual meeting of the corporation members each year and shall serve for a term of three years.”

Article II of the Society’s By-Laws states that, “in case of a vacancy on the Board of Directors, the Directors shall elect a Member for the unexpired term.”

Article VI of the Society’s By-Laws states that, “the annual meeting of the Board of Directors and Officers shall be held in Sprague, Nebraska, on or before December 31<sup>st</sup> of each year. The specific time and date of the annual meeting shall be set by the Board of Directors.”

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

<b><u>Name</u></b>	<b><u>Residency</u></b>	<b><u>Term Expires</u></b>
Larry Behrends	Martell, Nebraska	2025
Ron Oelling	Lincoln, Nebraska	2025
Gary Gerner	Crete, Nebraska	2026
Lori Vrchota	Lincoln, Nebraska	2026
Lynn Doolittle*	Roca, Nebraska	2027
Eugene Keller	Sprague, Nebraska	2027
Gary Williams	Martell, Nebraska	2027

\*Lynn Doolittle was replaced by Travis Buel of Hickman, Nebraska during 2025.

Directors, as of February 8, 2024, receive \$1,000 annually for serving on the Board, expenses of \$0.67 per mile, and an hourly rate of \$24 for meetings attended.

**Officers**

Article II of the Society’s By-Laws states that, “the Directors shall organize and elect from their own number a President, a Vice-President, a Secretary and Treasurer.”

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

<u>Name</u>	<u>Office</u>
Gary Williams	President
Eugene Keller	Vice-President
Lori Vrchota	Secretary
Marilyn Huttes	Treasurer

Officers receive annual remuneration as follows: Vice-President, \$81,720; Secretary, retainer fee of \$1,000; and Treasurer, \$19,788. In addition to their annual salaries, Officers in 2024 received \$24 per hour for any Society business, other than Board of Director meetings, and a mileage expense of \$0.67 per mile.

**Committees**

An Investment Committee serving the Society on December 31, 2024 was composed of the following individuals:

Lynn Doolittle	Eugene Keller
Marilyn Huttes	

**FIDELITY BOND AND OTHER INSURANCE**

A Dishonesty Bond issued by Western Surety Company, in the amount of \$75,000, is carried by the Society for its Directors and the President, Vice-President, Secretary, and Treasurer. The exam team noted that the NAIC Financial Condition Examiners Handbook recommended amount of coverage, based on the admitted assets and gross income of the Society, is between \$100,000 and \$125,000. It is recommended that the Society increase its Dishonesty Bond coverage to comply with the NAIC Financial Condition Examiners Handbook recommended amount of at least \$100,000.

The Society carries a Liability policy for its Directors and Officers in the amount of \$2,000,000. This coverage is subject to a \$10,000 deductible.

The Society carries an Insurance Agents and Brokers Professional Liability policy with NAMIC Insurance Company, Inc. The policy provides coverage in the amount of \$1,000,000, subject to a \$5,000 deductible.

The Society maintains a Workers' Compensation and Employers Liability policy with Grinnell Mutual Reinsurance Company (Grinnell). The policy provides coverage in the amount of \$100,000 per accident and \$100,000 per employee for disease with an aggregate limit per disease of \$500,000.

The Society carries property insurance with Western United Mutual Insurance Association for its office building in the amount of \$400,000, including personal property coverage of \$46,000.

In addition, a Commercial Lines policy, issued by Grinnell, provides \$300,000 coverage for each occurrence with a \$600,000 aggregate limit.

### **TERRITORY AND PLAN OF OPERATION**

As evidenced by a current Certificate of Authority, the Company is licensed to transact business in the State of Nebraska.

The Society issues policies for the perils of fire, lightning, wind and hail. All policies are renewable annually. New rates vary by the deductible and changes in the property valuation.

Business is secured through three agents in the districts which they reside. In addition to wages, agents receive a bonus of 25% of their personally generated first-year premium volume. Subsequent the examination date, the commission scale was changed to 15% for new business and 10% for renewal business.

Assessments are levied annually in accordance with the effective date of the policy, which coincides with the due date of the policyholder's liability premium. The Society collects all premium assessments directly rather than through its agents. Premium collections are made on a semi-annual, or annual basis.

The Society, as a convenience for its policyholders and agents, makes available general liability insurance coverage written by Grinnell. The accounting on such business for premiums and agents' fees is handled by the Society. Commissions received by the Society are transferred and disbursed to the agent responsible for the production of such business.

## **REINSURANCE**

### **Ceded**

The Society is a member with Grinnell and utilized the reinsurance facilities of Grinnell for each year covered by this examination. Coverage applies to any liability that may accrue to the Society as a result of loss or losses under property policies.

The Property Per Risk Excess of Loss coverage for 2024 includes the Society's individual per risk retention of \$200,000. For the first layer, Grinnell is liable for losses in excess of the retention, up to a limit of \$1,000,000. For the second layer, Grinnell is liable for losses in excess of the first layer limit up to a limit of \$4,000,000. For the third layer, Grinnell is liable for losses in excess of the second layer limit up to a limit of \$5,000,000. The Society maintains facultative reinsurance coverage in excess of \$10,000,000.

The Property Aggregate Excess of Loss coverage for 2024 provides that Grinnell is 100% liable for aggregate losses incurred in excess of an amount equal to a 75.0224% loss ratio.

## **General**

The contract reviewed contained a standard insolvency clause, an arbitration clause, an offset clause, and an errors and omissions clause. The contract contained the entire agreement clause as required per SSAP No. 62R, paragraph 8c of the NAIC Accounting Practices and Procedures Manual.

## **BODY OF REPORT**

### **FINANCIAL STATEMENTS**

The following statement of assets and liabilities, together with the accompanying statement of income and disbursements, reflects the financial condition of the Company on December 31, 2024. All amounts are based on the findings of the current examination:

### **STATEMENT OF INCOME AND DISBURSEMENTS**

	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
Balance, beginning of year	\$4,002,769	\$4,079,787	\$4,605,106	\$4,529,285	\$5,168,707
<b><u>Income</u></b>					
Gross receipts from assessments	\$1,653,490	\$1,934,720	\$2,185,799	\$2,558,294	\$3,760,097
Less return on cancellations	<u>35,529</u>	<u>30,000</u>	<u>39,257</u>	<u>44,886</u>	<u>52,385</u>
Total underwriting income	\$1,617,961	\$1,904,720	\$2,146,542	\$2,513,408	\$3,707,712
Interest on investments	54,282	60,926	72,892	124,325	222,056
Late fees	1,542	1,472	1,804	2,564	6,954
Liability premiums	108,995	117,775	114,723	133,555	197,082
Salvage	14,906	200			
Insurance recovery			518,736		
Profit sharing	<u>                    </u>	<u>                    </u>	<u>27,770</u>	<u>                    </u>	<u>                    </u>
Total income	<b><u>\$1,797,685</u></b>	<b><u>\$2,085,093</u></b>	<b><u>\$2,882,468</u></b>	<b><u>\$2,773,853</u></b>	<b><u>\$4,133,803</u></b>

**STATEMENT OF INCOME AND DISBURSEMENTS continued**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>Disbursements</u></b>					
Gross losses paid	\$ 655,373	\$ 433,633	\$1,566,004	\$ 985,350	\$1,203,316
Less reinsurance recovered	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>419,627</u>	<u>731</u>
Net losses paid	\$ 655,373	\$ 433,633	\$1,566,004	\$ 565,723	\$1,202,585
Adjusting expense	\$ 42,472	\$ 22,196	\$ 83,552	\$ 46,176	\$ 92,529
Building insurance	935	1,408	1,408	1,762	2,257
Commissions to agents	63,645	62,186	92,176	132,011	223,277
Liability premiums	73,016	90,309	71,901	100,123	147,309
Salaries of agents	32,278	48,537	29,839	39,804	40,404
Expenses of agents	3,454	2,363	2,895	3,320	3,136
Salaries & expenses of					
Directors and Officers	188,215	202,108	183,975	143,577	137,275
Salaries of office employees	12,115	12,694	63,150	63,594	69,169
Director E&O & workers comp	13,018	13,575	14,439	14,698	12,964
Repair on real estate	1,778	2,196	3,799	3,892	3,794
Taxes on real estate	3,811	3,759	3,753	3,824	2,807
Insurance department licenses					
& fees	355	491	86	228	126
All other taxes	54,647	77,374	179,351	99,803	338,127
Advertising, printing &					
Stationary	15,502	13,038	15,921	15,077	17,679
Telephone & postage	6,100	10,325	4,028	16,640	7,681
Reinsurance premiums paid	523,141	527,638	605,270	848,076	1,572,008
Utilities paid	2,279	2,733	3,544	3,971	3,694
Dues & miscellaneous	6,680	6,117	6,829	7,036	6,973
Computer support services	18,910	15,000	15,000	15,900	20,004
Rent	1,950	3,600	10,500	7,500	8,500
Software updates		1,062	869	1,695	2,182
Unknown adjustment	<u>993</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$1,065,297</u>	<u>\$1,126,141</u>	<u>\$1,392,284</u>	<u>\$1,568,708</u>	<u>\$2,711,893</u>
Total disbursements	<u>\$1,720,667</u>	<u>\$1,559,774</u>	<u>\$2,958,288</u>	<u>\$2,134,431</u>	<u>\$3,914,478</u>
Balance, end of year	<u>\$4,079,787</u>	<u>\$4,605,106</u>	<u>\$4,529,285</u>	<u>\$5,168,707</u>	<u>\$5,388,032</u>

**STATEMENT OF ASSETS AND LIABILITIES**  
**December 31, 2024**

**ASSETS**

**Ledger Assets**

Real estate	\$ 116,867	
NFMRA surplus note	1,056,338	
Certificates of deposit	2,286,438	
Cash deposited in banks	581,141	
STFIT, fixtures & equipment	<u>1,347,248</u>	
Total ledger assets		<u>\$5,388,032</u>

**Non-Ledger Assets**

Interest due and accrued on investments	\$ 33,047	
Supplies	<u>2,500</u>	
Total non-ledger assets		<u>\$ 35,547</u>

Gross assets		<u>\$5,423,579</u>
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**Assets Not Admitted**

Furniture & supplies	\$ 2,500	
NFMRA surplus note	<u>1,056,338</u>	
Total assets not admitted		<u>\$1,058,838</u>

Total admitted assets		<u>\$4,364,741</u>
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**LIABILITIES AND SURPLUS**

Unpaid losses	\$ 220,358	
Unearned premiums	1,652,450	
Premium tax payable	<u>21,369</u>	

Total liabilities		\$1,894,177
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Surplus as regards members		<u>2,470,564</u>
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Total liabilities and surplus		<u>\$4,364,741</u>
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## **COMPLIANCE WITH PREVIOUS RECOMMENDATIONS**

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

**Taxes, Licenses, and Fees Payable** – It is recommended that the Society calculate the unpaid taxes, licenses, and fees and that the amount be accrued as a liability within the Annual Statement on page 5, line 34.

**Action:** The Company has complied with this recommendation.

## **COMMENTARY ON CURRENT EXAMINATION FINDINGS**

### **Conflict of Interest Statements**

The exam team noted that the Conflict of Interest Statements were not consistently completed on an annual basis. It is recommended that the Society require its Directors and Officers to complete a Conflict of Interest Statement annually.

### **Real Estate**

**\$ 116,687**

In 2000, the Society purchased land in Sprague, Nebraska at a cost of \$32,000 for the purpose of constructing a new Home Office building. In 2001, the land was improved and made ready to build, which cost an additional \$5,300. Actual construction began in 2002 and was completed just prior to year-end 2002 for a total cost of \$188,242. The total cost for the land and new Home Office building was \$225,542. The Society's reported book value, as of December 31, 2024, was \$116,687.

### **Surplus Note**

**\$1,056,338**

The Society obtained a surplus note from Nebraska Farmers Mutual Reinsurance Association (NFMRA) on January 1<sup>st</sup>, 2015. The surplus note bears an interest rate of 2.5% per annum. The surplus note is not considered a liability or claim against the assets of NFRMA. The principal and/or interest can be paid only when the amount of the surplus of the reinsurance

association over all liabilities is double that of the amount of the principal and/or interest then being paid. The Society agreed to buy the note in lieu of realizing substantial increases in their reinsurance rates. The amount of the surplus note was confirmed with NFMRA.

The surplus note is non-admitted in the Society's 2024 Annual Statement in accordance with the NAIC Accounting Practices and Procedures Manual due to the restrictions based upon membership with NFMRA, the fact that there is no established market or fair value, and that the notes have no independent rating.

**Certificates of Deposit** **\$2,286,438**

As of December 31, 2024, the Society had seven certificates of deposit with a value of \$1,707,593.54. Each certificate of deposit was verified by direct confirmation from the respective depositories. Also included in the line item is a money market account with Ameritas Investment Company, LLC (Ameritas) which had a balance of \$578,844.21. This account was also verified by direct confirmation from Ameritas for an amount greater than the reported asset \$579,060.21. This immaterial difference of \$216.00 is due to timing.

**Cash Deposited in Banks** **\$ 58,140**

This asset consisted of a standard checking account balance. These deposits were verified by obtaining direct confirmation from the bank. The amount indicated thereon for the checking account was reconciled to the Society's records as of December 31, 2024, by giving consideration for outstanding checks.

**Short-Term Federal Investment Trust** **\$1,347,248**

The Society had \$1,347,248 in a Federal Investment Trust Fund held with Union Bank in Lincoln, Nebraska. This investment is authorized under Section §44-5123 of the Nebraska Insurance Statutes. The balance was verified by direct confirmation from the bank.

**Interest on Investments** **\$ 33,047**

The Society estimated the amount of interest due or accrued on its investment holdings as of December 31, 2014. The non-ledger estimate for the investments is \$33,047.

**Furniture and Supplies** **\$ 2,500**

The non-ledger amount of \$2,500 reflects the Society's fixtures and equipment. This item is deducted, as an asset not admitted, in both the Society's 2024 Annual Statement and the financial statements of this report in accordance with accepted insurance accounting practices.

**Unpaid Losses** **\$ 220,358**

The Society established a liability for unpaid losses amounting to \$220,358 in its December 31, 2024 Annual Statement. The exam team received a report that did not tie to Annual Statement Page 5 Line 25 of \$220,357.69. This was due to the timing of when the report was populated. The exam team compared claim reserves included in the Society's listing to claims that cleared in the first quarter of 2025, noting no exceptions. The difference between the amount tested and the reported amount was \$15,788.80 or 7.1%. It is recommended that the Society retain documentation of the amount it reports in the Annual Statement as an Unpaid Losses.

**Unearned Premiums** **\$1,652,450**

The Society reported unearned premiums of \$1,652,450 in its December 31, 2024 Annual Statement. Amounts reported are calculated by applying unearned factors, computed using the monthly pro rata method, to each month's premiums. The exam team received a report that did not tie to the Annual Statement Page 5 Line 31 of \$1,652,450. This was due to the timing of when the report was prepared for the examination. The difference between the amount tested and the reported amount was \$40,825.30 or 2.5%. The exam team reviewed the Unearned Premium

report provided by the Society, verifying that all policies were included and that the automatic calculation was applied appropriately. It is recommended that the Society retain documentation of the amount it reports in the Annual Statement as Unearned Premiums.

**Premium Tax Payable** **\$ 21,369**

The Society reported premium tax liability of \$21,369 in its 2024 Annual Statement. The exam team verified the 2024 premium tax liability was paid on February 3, 2025.

**Policyholder's Surplus** **\$2,470,564**

Policyholder's surplus, as determined by this examination, amounted to \$2,470,564 on December 31, 2024.

### **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

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

**Conflict of Interest Statements** – It is recommended that the Society require its Directors and Officers to complete a Conflict of Interest Statement annually.

**Unpaid Losses** – It is recommended that the Society retain documentation of the amount it reports in the Annual Statement as an Unpaid Claims.

**Unearned Premium** – It is recommended that the Society retain documentation of the amount it reports in the Annual Statement as Unearned Premiums.

**ACKNOWLEDGMENT**

The courteous cooperation extended by the Officers and employees of the Company 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

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Isaak Russell, CFE  
Examiner-in-Charge  
Department of Insurance  
State of Nebraska

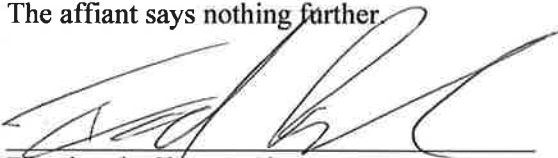
State of Nebraska,

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 OLIVE BRANCH MUTUAL ASSESSMENT SOCIETY, INC..
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 OLIVE BRANCH MUTUAL ASSESSMENT SOCIETY, INC. 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 ISAAC RUSSELL on this 8<sup>th</sup> day of MAY, 2026.

(SEAL)



  
Notary Public

My commission expires July 21, 2026 [date].