

# ANNUAL STATEMENT

For the Year Ended

December 31, 2015

OF THE CONDITION AND AFFAIRS OF THE

## Farmer Mutual Aid Association

ORGANIZED UNDER THE LAWS OF THE STATE OF OHIO

Made to the

**INSURANCE COMMISSIONER OF THE STATE OF OHIO**

Pursuant to the Laws thereof

NAIC Company Code

10303

Home Office

201 West Canal Street

Ottoville

45876-00343

OH

Street and Number

City

Zip Code

Mail Address

PO Box 343

Ottoville

45876-00343

OH

Street and Number

City

Zip Code

Main Administrative Office

(419) 453-3155

Telephone Number

Organized

February 23, 1904

Commenced Business

July 2, 1904

Annual Statement Contact Person

Art Schnipke

Telephone Number

(419) 453-3155

Contact Person Email Address

ajschnipke@bright.net

### OFFICERS

President

Dan Gerker

Vice President

Secretary

Art Schnipke

Treasurer

Art Schnipke

### DIRECTORS

(ALL DIRECTORS MUST BE SHOWN)

Mike Horstman

John Grote

Tom Krietemeyer

Art Ricker

Bruce Von Sossan

State of Ohio

County of

Putnam

*Dan Gerker*  
Dan Gerker

President and

*Art Schnipke*  
Art Schnipke

Secretary of the

Farmer Mutual Aid Association

being duly sworn each for himself/herself deposes and says, that they are the above described officers of said reporting entity, and that on the reporting period stated above all the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, with the schedules and explanations herein contained, annexed or referred to, is a full and correct statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me, this 29

day of February, 2016

*Marjorie L. Ricker*  
Notary Public

MARJORIE L. RICKER  
Notary Public, State of Ohio  
My Commission Expires  
May 30, 2016

Dan Gerker

President

Art Schnipke

Secretary

Signature of Person Preparing Statement

**ANNUAL STATEMENT FOR THE YEAR**  
**Farmer Mutual Aid Association**

**2015**

**ASSETS**

		Assets Current Year	Nonadmitted Assets Current Year	Net Admitted Assets Current Year	Net Admitted Assets Prior Year
1	Bonds (Schedule D - Part 1)	0.00	0.00	0.00	0.00
2	Preferred stocks, common stocks and mutual funds (Schedule D - Part 2)	28,973.25	0.00	28,973.25	30,396.65
3	Real estate (less liens, encumbrances) (Schedule A)	6,912.00	0.00	6,912.00	7,071.00
4	Cash (Schedule E)	746,373.63	0.00	746,373.63	647,786.67
5	Short-term investments		0.00	0.00	0.00
6	Aggregate write-ins for invested assets		0.00	0.00	0.00
7	Subtotals, cash and invested assets	782,258.88	0.00	782,258.88	685,254.32
8	Investment income due and accrued	2,232.13	0.00	2,232.13	18.94
9.1	Assessments or premiums in the course of collection (including agents balances)	3,887.20	0.00	3,887.20	2,029.65
9.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	0.00	0.00	0.00	0.00
9.3	Earned but unbilled premiums (post assessment)	0.00	0.00	0.00	0.00
10.1	Amounts recoverable from reinsurers		0.00	0.00	
10.2	Funds held by or deposited with reinsured companies		0.00	0.00	
11.1	Current federal income tax recoverable and interest thereon		0.00	0.00	
11.2	Net deferred tax asset		0.00	0.00	
12	Electronic data processing equipment and software	0.00	0.00	0.00	0.00
13	Furniture and equipment		0.00	0.00	
14	Receivables from parent, subsidiaries and affiliates		0.00	0.00	
15	Aggregate write-ins for other than invested assets	0.00	0.00	0.00	0.00
16	Total Assets	788,378.22	0.00	788,378.22	687,302.91
	Details of Write-Ins for Assets:				
1501				0.00	
1502				0.00	
1503				0.00	
1598	Summary or remaining write-ins from overflow page	0.00	0.00	0.00	0.00
1599	Total aggregate write-ins	0.00	0.00	0.00	0.00



**ANNUAL STATEMENT FOR THE YEAR**  
**Farmer Mutual Aid Association**

**2015**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

		Current Year	Prior Year
1	Unpaid Losses (Underwriting Exhibit - Part 2A)	5,000.00	9,040.82
2	Unpaid loss adjustment expenses (Underwriting Exhibit - Part 2A)	0.00	125.00
3	Commissions due and payable to agents	2,220.72	1,661.00
4	Other expenses (excluding taxes, licenses and fees)	3,534.82	2,990.99
5	Taxes, licenses and fees (excluding federal income taxes)	4,129.36	7,157.67
6	Current federal income taxes (including \$0 on realized capital gains (losses))		
7	Net deferred tax liability		
8	Borrowed money and interest thereon		
9	Unearned assessment/premium reserve	135,310.56	86,146.95
10	Advance premium		
11	Ceded reinsurance premiums payable	6,541.47	8,963.56
12	Funds held by company under reinsurance treaties	0.00	0.00
13	Amounts withheld or retained by company for account of others	35,819.71	15,169.38
14	Provision for unauthorized reinsurance		
15	Payable to parent, subsidiaries and affiliates		
16	Aggregate write-ins for liabilities	0.00	0.00
17	Total liabilities	192,556.64	131,255.37
18	Surplus as regards policyholders	595,821.58	556,047.54
19	Total liabilities and surplus	788,378.22	687,302.91
	Details of Write-Ins for Liabilities:		
1601			
1602			
1603			
1698	Summary or remaining write-ins from overflow page	0.00	0.00
1699	Total aggregate write-ins	0.00	0.00



**ANNUAL STATEMENT FOR THE YEAR**  
**Farmer Mutual Aid Association**  
**STATEMENT OF INCOME**

**2015**

		Current Year	Prior Year
	<b>UNDERWRITING INCOME</b>		
1.1	Gross Assessments/Premiums earned	292,113.87	308,287.63
1.2	Less: Return Assessments/Premiums earned	9,271.41	7,331.07
1.3	Direct Assessments/Premiums earned	282,842.46	300,956.56
1.4	Deduct premiums for reinsurance ceded (Reinsurance Schedule)	71,753.87	71,315.73
1.5	Add premiums received for reinsurance assumed (Reinsurance Schedule)	0.00	
1.6	Net Assessments/Premiums earned	211,088.59	229,640.83
	<b>DEDUCTIONS</b>		
2	Losses incurred (Underwriting Exhibit - Part 2)	49,528.94	39,896.17
3	Loss expenses incurred (Expense Exhibit)	0.00	0.00
4	Other underwriting expenses incurred (Expense Exhibit)	135,003.19	144,277.83
5	Aggregate write-ins for underwriting deductions	0.00	0.00
6	Total underwriting deductions	184,532.13	184,174.00
7	Net underwriting gain (loss)	26,556.46	45,466.83
	<b>INVESTMENT INCOME</b>		
8	Net investment income earned	11,755.34	9,217.90
9	Net realized capital gains (losses) less capital gains tax	-1,423.40	396.65
10	Net investment gain (loss)	10,331.94	9,614.55
	<b>OTHER INCOME</b>		
11	Net gain (loss) from agents' or premium balances charged off		
12	Finance and service charges not included in premiums	1,685.64	1,600.70
13	Aggregate write-ins for miscellaneous income	1,200.00	1,415.26
14	Total other income	2,885.64	3,015.96
15	Net income, after capital gains tax and before federal income taxes	39,774.04	58,097.34
16	Federal income taxes incurred		
17	Net income	39,774.04	58,097.34
	<b>SURPLUS ACCOUNT</b>		
18	Surplus as regards policyholders, December 31 prior year	556,047.54	497,950.20
19	Net income	39,774.04	58,097.34
20	Change in net unrealized capital gains or (losses) less capital gains tax		
21	Change in net deferred income tax		
22	Change in nonadmitted assets (Exhibit of Nonadmitted Assets)	0.00	
23	Change in provision for reinsurance		
24	Aggregate write-ins for gains and losses in surplus	0.00	0.00
25	Change in surplus as regards policyholders for the year	39,774.04	58,097.34
26	Surplus as regards policyholders, December 31 current year	595,821.58	556,047.54
	<b>DETAILS OF WRITE-INS</b>		
0501			
0502			
0503			
0599	Total Aggregate write-ins for underwriting deductions	0.00	0.00
1301	Rent Income	1,200.00	1,200.00
1302	Ottoville Telephone Company Capital Credit Income		215.26
1303			
1304			
1399	Total Aggregate write-ins for miscellaneous income	1,200.00	1,415.26
2401			
2402			
2499	Total Aggregate write-ins for gains and losses in surplus	0.00	0.00



## ANNUAL STATEMENT FOR THE YEAR

2015

Farmer Mutual Aid Association**CASH FLOW STATEMENT**

		Current Year	Prior Year
<b>Cash from Operations</b>			
1	Premiums/Assessments collected net of reinsurance	258,394.65	233,532.40
2	Net investment income	9,523.21	10,064.14
3	Miscellaneous income	2,885.64	3,015.96
4	Total	270,803.50	246,612.50
5	Benefit and loss related payments	53,018.94	39,896.17
6	Commissions, expenses paid and aggregate write-ins for deductions	139,191.04	135,169.65
7	Federal and foreign income taxes paid (recovered)		
8	Total	192,209.98	175,065.82
9	Net cash from operations	78,593.52	71,546.68
<b>Cash from Investments</b>			
10	Proceeds from investments sold, matured or repaid:		
10.1	Bonds		
10.2	Stocks		
10.3	Real estate		
10.4	Net gains (losses) on cash, cash equivalents and short- term investments		
10.5	Miscellaneous proceeds		
10.6	Total investment proceeds	0.00	0.00
11	Cost of investments acquired (long-term only):		
11.1	Bonds		30,000.00
11.2	Stocks		
11.3	Real estate		
11.4	Miscellaneous applications		
11.5	Total investments acquired	0.00	30,000.00
11.6	Net cash from investments	0.00	-30,000.00
<b>Cash from Financing and Miscellaneous Sources</b>			
12.1	Borrowed funds (cash provided/applied)		
12.2	Other cash provided (applied)	19,993.44	15,169.38
13	Net cash from financing and miscellaneous sources	19,993.44	15,169.38
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
14	Net change in cash, cash equivalents and short-term investments	98,586.96	56,716.06
15.1	Beginning of year (cash, cash equivalents and short-term investments)	647,786.67	591,070.61
15.2	End of year (cash, cash equivalents and short-term investments)	746,373.63	647,786.67



**ANNUAL STATEMENT FOR THE YEAR**  
**Farmer Mutual Aid Association**

**2015**

**EXPENSE EXHIBIT**

		Current Year
	<b>Claim Adjusting:</b>	
1.1	Direct	0.00
1.2	Reinsurance assumed	0.00
1.3	Reinsurance ceded excluding contingent (commission and brokerage)	0.00
1.4	Net claim adjusting	0.00
	<b>Commission and Brokerage:</b>	
2.1	Direct commission and brokerage	33,967.41
2.2	Reinsurance assumed excluding contingent	0.00
2.3	Reinsurance ceded excluding contingent (commission and brokerage)	0.00
2.4	Contingent - direct (commission and brokerage)	0.00
2.5	Contingent - reinsurance assumed (commission and brokerage)	0.00
2.6	Contingent - reinsurance ceded (commission and brokerage)	0.00
2.7	Policy and membership fees (commission and brokerage)	119.99
2.8	Net commission and brokerage	34,087.40
3	Allowances to managers and agents	0.00
4	Advertising	560.00
5	Boards, bureaus and associations	2,064.00
6	Surveys and underwriting reports	0.00
7	Audit of assureds' records	0.00
	<b>Salary and related items:</b>	
8.1	Salaries	65,268.43
8.2	Payroll taxes	334.91
9	Employee relations and welfare	0.00
10	Insurance	7,519.69
11	Directors' fees	8,220.00
12	Travel and travel items	0.00
13	Rent and rent items	0.00
14	Equipment	0.00
15	Cost or depreciation of EDP equipment and software	159.00
16	Printing and stationery	4,692.11
17	Postage, telephone, exchange and express	5,175.33
18	Legal and auditing	2,870.00
19	Loss adjustment expenses	
18	Investment expenses	0.00
19	Totals	96,863.47
	<b>Taxes, licenses and fees:</b>	
20.1	State and local insurance taxes	0.00
20.2	Insurance department licenses and fees	545.00
20.3	All other (excluding federal income and real estate)	3,039.82
20.4	Total taxes, licenses and fees	3,584.82
21	Real estate expenses	300.00
22	Real estate taxes	167.50
23	Aggregate write-ins for miscellaneous expenses	0.00
24	<b>Total expenses incurred (a)</b>	135,003.19
25	Less unpaid expenses - current year	16,426.37
26	Add unpaid expenses - prior year	20,773.22
27	<b>Total expenses paid</b>	139,350.04
	<b>Details of Write-Ins:</b>	
2301		
2302		
2303		
2304		
2305		
2399	<b>Total Write-ins</b>	0.00

(a) Includes management fees of \$0 to affiliates and \$0 to non-affiliates



**ANNUAL STATEMENT FOR THE YEAR  
Farmer Mutual Aid Association**

**2015**

**INSURANCE IN FORCE**

		<b>Amount (dollars)</b>	<b>Number</b>
1	In force December 31 of previous year (to equal prior year's statement)	72,628,237	472
2	Written during the year	10,385,957	98
3	Total	83,014,194	570
4	Deduct those expired and cancelled	4,020,400	34
5	In force December 31 of current year	78,993,794	536
6	Deduct amount reinsured	0	XXX
7	Net amount in force	78,993,794	XXX



UNDERWRITING EXHIBIT - PART 2  
LOSSES INCURRED

1	2	3	4	5	6
Lines of Business	Direct Losses Incurred	Losses Incurred on Reinsurance Assumed	Deduct: Reinsurance Recovered on Incurred Losses	Deduct: Salvage and Subrogation Converted To Cash	* Net Losses Incurred Columns 2 and 3 minus Columns 4 and 5
Adjuster Fees	1,382.73				1,382.73
Bursting Pipes	22,166.37	-			22,166.37
Fire	5,849.75				#VALUE!
Theft	4,000.00				#VALUE!
Vandalism	188.86				#VALUE!
Wind	40,626.23				#VALUE!
Total Claim Reims			29,685.00		(29,685.00)
OVERFLOW AMOUNTS	5,000.00				5,000.00
Totals	\$ 79,213.94	\$ -	\$ 29,685.00	\$ -	#VALUE!

\* Total should equal Line 2, Page 4, Current Year.

UNDERWRITING EXHIBIT - PART 2A  
UNPAID LOSSES and LOSS ADJUSTMENT EXPENSES

1	2	3	4	5	6
Lines of Business	Direct Unpaid Losses	Unpaid Losses on Reinsurance Assumed	Deduct: Reinsurance Recoverable on Unpaid Losses	** Unpaid Loss Adjustment Expenses	*** Net Unpaid Losses Columns 2 and 3 minus Column 4
	5,000.00		-	-	5,000.00
					-
					-
					-
					-
					-
OVERFLOW AMOUNTS					-
Totals	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 5,000.00

\*\* Total should equal Line 2, Page 3, Current Year.

\*\*\* Total should equal Line 1, Page 3, Current Year.



Farmer Mutual Aid Association

## EXHIBIT OF NONADMITTED ASSETS

		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets
1	Bonds			0.00
2	Preferred and common stocks and mutual funds			0.00
3	Real estate (less liens, encumbrances)			0.00
4	Cash			0.00
5	Short-term investments			0.00
6	Aggregate write-ins for invested assets			0.00
7	Subtotals, cash and invested assets	0.00	0.00	0.00
8	Investment income due and accrued			0.00
9.1	Assessments or premiums in the course of collection (including agents balances)			0.00
9.2	Premium receivable for advance pay			0.00
9.3	Earned but unbilled premiums (post assessment)			0.00
10.1	Amounts recoverable from reinsurers			0.00
10.2	Funds held by or deposited with reinsured companies			0.00
11.1	Current federal income tax recoverable and interest thereon			0.00
11.2	Net deferred tax asset			0.00
12	Electronic data processing equipment and software			0.00
13	Furniture and equipment			0.00
14	Receivables from parent, subsidiaries and affiliates			0.00
15	Aggregate write-ins for other than invested assets	0.00	0.00	0.00
16	Total Assets	0.00	0.00	0.00
	Details of Write-Ins for Assets:			
1501		0.00	0.00	0.00
1502		0.00	0.00	0.00
1503		0.00	0.00	0.00
1598	Summary or remaining write-ins from overflow page	0.00	0.00	0.00
1599	Total aggregate write-ins	0.00	0.00	0.00



SCHEDULE A

Showing All Real Estate OWNED December 31 of Current Year

1	2	3	4	5	6	7	8	9	10
Description of Property	Date Acquired	Name of Vendor	Actual Cost	Current Year Acquisitions or Permanent Improvements	Accumulated Depreciation	Amount of Encumbrances	Book Value End of Current Year (Col. 4+5-6-7) *	Gross Income Current Year (Real Estate)	Gross Expenses Current Year (Real Estate)
Building	1/1/1983		8,500.00		1,588.00		6,912.00		
							-		
							-		
							-		
							-		
OVERFLOW AMOUNTS							-		
Totals	XXX	XXX	\$ 8,500.00	\$ -	\$ 1,588.00	\$ -	\$ 6,912.00	\$ -	\$ -

\*Total to agree with Page 2, Line 3, Current Year.

FURNITURE, FIXTURES and AUTOMOBILES

Showing All Furniture, Fixtures and Automobiles OWNED December 31 of Current Year

1	2	3	4	5	6	7	8
Description	Date Acquired	Name of Vendor	Actual Cost	Current Year Acquisitions or Permanent Improvements	Accumulated Depreciation	Amount of Encumbrances	Book Value End of Current Year (Col. 4+5-6-7)
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
OVERFLOW AMOUNTS							-
Totals	XXX	XXX	\$ -	\$ -	\$ -	\$ -	\$ -



Showing all **BONDS** Owned on December 31 of Current Year

\* Annual Statement Value



Showing all Preferred & Common Stocks and Mutual Funds Owned December 31 of Current Year

12



Showing all Bonds and Preferred & Common Stocks **ACQUIRED** During the Current Year[illegible]

13







**REINSURANCE SCHEDULE**  
Reinsurance Ceded and Reinsurance Assumed

1	2	3	4	5	6	7	8
Reinsurer or Reinsured	Ceded or Assumed	Location of Company	Total Amount Reinsured	Total Premiums Ceded *	Total Premiums Assumed **	Largest Risk Ceded or Assumed	Remarks
Grinnell Mutual Reinsurance Co.				71,753.87			
4215 Hwy 146 Box 790							
Grinnell, Iowa 50112-0790							
OVERFLOW AMOUNTS							
Totals	XXX	XXX	\$ -	\$ 71,753.87	\$ -	XXX	XXX

\*Total to agree with Page 4, Line 1.4, Current Year.

\*\*Total to agree with Page 4, Line 1.5, Current Year.

**COMPENSATION SCHEDULE**

Show all salaries, commissions, claim adjustment expenses, directors fees and expenses, and travel items paid in the current year for the top 5 officers/employees and all directors, travel or car allowances, if paid, are to be included.

1	2	3	4	5	6	7	8	9
Name of Payee	Title	Salaries	Commissions	Claim Adjustment Expenses	Directors Fees & Expenses	Travel & Travel Items	All Other	Total
<b>Officers/Employees:</b>								
Art Schnipke		26,117.24	29,666.97					\$ 55,784.21
Jessie Fuetter		1,079.30						\$ 1,079.30
Thatcher-Kulwicki			4,300.44					\$ 4,300.44
Denice Warnement		15,078.47						\$ 15,078.47
								\$ -
								\$ -
<b>Directors:</b>								
								\$ -
Tom Krietemeyer (director)					1,450.00			\$ 1,450.00
Mike Horstman					1,450.00			\$ 1,450.00
Dan Gerker					1,500.00			\$ 1,500.00
Art Ricker					1,350.00			\$ 1,350.00
Bruce Von Sossan					1,350.00			\$ 1,350.00
John Grote (Director)					1,000.00			\$ 1,000.00
								\$ -
								\$ -
								\$ -
								\$ -
								\$ -
Totals	XXXX	\$ 42,275.01	\$ 33,967.41	\$ -	\$ 8,100.00	\$ -	\$ -	\$ 84,342.42

**GENERAL INTERROGATORIES**

(Answer all questions and attach additional sheets if necessary.)

- Company's retention: Fire                      Wind                      Other
- Retention before reinsurance applies for: Catastrophe Reinsurance \$100,000 Aggregate excess of loss \$186,503
- What is the largest risk assumed and retained: \$186,503
- What kind of perils are being covered? Form 2 (Broad) Property only
- Have the by-laws been amended during the current year? no If so, were such amendments filed with the Ohio Department of Insurance?
- In what counties does the Company operate: Putnam, Paulding, Van Wert, Allen, Muskingum, Wyandot, Hancock, Auglaize, Crawford, Defiance, Hardin, Marion, Deleware, Erie, Franklin, Miami, Morgan and Richland.
- Name of Principal Officer and amount of bond. Art Schnipke \$50,000
- Are all of the persons who handle funds of the Company bonded? Yes X No                       
State the name and amount of each bond on each, except person named in Item 6 above. Auto Owners
- Does the Company have an annual audit conducted by an independent CPA? Yes
- State the number of members holding policies in the Company. 536
- Was an annual report of the Company made available to each policyholder? Yes If so, did such report agree with the annual statement filed with the Ohio Department of Insurance? Yes
- State as of what date the latest examination of the Company was made by the Ohio Department of Insurance. 12/9/2013
- How many assessments were made during the year? 1 Date of last assessment 11/1/2015
- Did the assessment provide for all losses, expenses and all other liabilities prior to the date of assessment? yes
- Rate of policy fee 0
- State the amount of borrowed money since date of last assessment 0 interest thereon 0
- Does any person, firm, corporation or association have any claim, contingent or otherwise, against this Company which is NOT included in the liabilities on page 2 of this statement? Yes                      No                       
If yes, give the amount, terms for payment and reasons why such were not recorded as a liability on page 2 of this statement.



## 2015

Showing All Balances (according to Company's Records) Carried in Each Bank or Savings and Loan

**All Columns Must Be Completed for Each Deposit, CD, Checking Account, etc.**

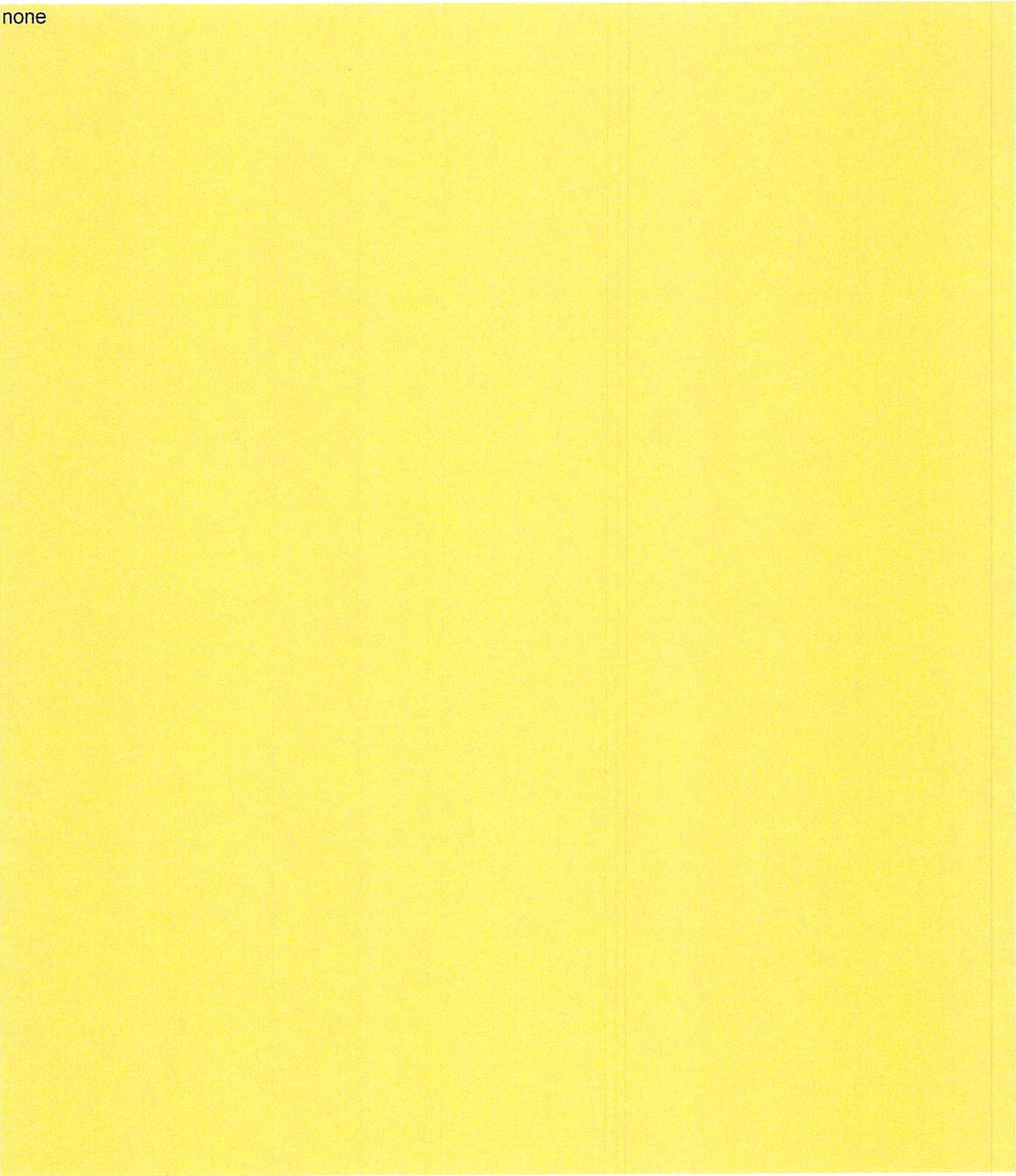
\*Total to agree with Page 2, Line 4, Current Year.



ORGANIZATIONAL CHART

LIST ALL ENTITIES THAT ARE MEMBERS OF AN INSURANCE COMPANY HOLDING SYSTEM AS  
DEFINED IN ORC 3901.32

none





## 2015

		Assets Current Year	Nonadmitted Assets Current Year	Net Admitted Assets Current Year	Net Admitted Assets Prior Year
1504				0.00	
1505				0.00	
1506					
1507					
1508					
1509					
1510					
1511				0.00	
1597	Summary of remaining write-ins for Line 15 page 2	0.00	0.00	0.00	0.00

		Current Year	Prior Year
1604			
1605			
1606			
1607			
1608			
1609			
1610			
1606			
1697	Summary of remaining write-ins for Line 16 page 3	0.00	0.00

		Current Year	Prior Year
	Summary of remaining write-ins for Statement of Income page 4	0.00	0.00

		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets
1504				0.00
1505				0.00
1506				
1507				
1508				
1509				
1510				
1511				0.00
1597	Summary of remaining write-ins for Line 15 page 9	0.00	0.00	0.00



Showing all **BONDS** Owned on December 31 of Current Year

\* Annual Statement Value

## 19



## 2015

**All Columns Must Be Completed for Each Deposit, CD, Checking Account, etc.**

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