

BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS

**FINAL ORDER**  
5/4/2017  
EXECUTED

In the Matter of the Proposed Adoption )  
Of the Financial Condition Examination )  
Report as of December 31, 2015 ) Docket No. 5018  
Midwest Builders Casualty Mutual Company )  
NAIC # 13126 )

**CONSENT ORDER**

NOW COMES on for formal disposition the matter of the proposed adoption of the financial condition examination as of **December 31, 2015** of the **Midwest Builders Casualty Company (MWBC)**, a Kansas corporation. This matter is brought before the Commissioner of Insurance ("Commissioner") for adoption, rejection, or modification pursuant to the provisions of K.S.A. 40-222.

The Kansas Insurance Department ("KID") and MWBC wish to resolve this matter by entering into this Consent Order. MWBC hereby waives any and all rights to further administrative adjudication or review of this matter, including any and all rights conferred upon it under K.S.A. 77-501 *et seq.* This Consent Order constitutes the Final Order in this matter.

The Commissioner, having fully considered and reviewed the financial condition examination report, together with all written submissions, applicable rebuttals, and all relevant portions of the examiners' work papers, and further, being fully advised on all premises, hereby finds:

**Policy Reasons**

It is stated policy of the State of Kansas that whenever the Commissioner deems it necessary, an examination of the affairs and financial condition of any insurance

company in the process of organization, applying for admission, or doing business in this State can be undertaken. In all cases, such an examination must occur once every five (5) years. Through the examination process, the insurance consuming public will be well served and protected.

#### **Findings of Fact**

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. An examination of MWBC was undertaken by the Kansas Insurance Department and was completed on **February 27, 2017**.
3. The examiner-in-charge tendered and filed with the Kansas Insurance Department a verified written report on the examination within thirty (30) days following completion of the examination, to wit: **March 2, 2017**.
4. Following receipt of the verified report, the Kansas Insurance Department transmitted the report to MWBC on **March 17, 2017**, with a notice advising MWBC of its opportunity to prepare a written submission or rebuttal with respect to any and all matters contained in the report. MWBC was further advised that any written submission or rebuttal needed to be filed with the Kansas Insurance Department no later than thirty (30) days after receipt of the verified report.
5. MWBC filed a written rebuttal of the verified report on **April 10, 2017**. Based on the written submission tendered by MWBC, the company suggested minor modifications to the verified report.
6. Within thirty days (30) days of the end of the time period allowed for written submission or rebuttal, the Commissioner of Insurance fully reviewed the report

and all written submissions and rebuttals provided by MWBC. The Commissioner of Insurance further reviewed all relevant workpapers.

7. No other written submissions or rebuttals were submitted by MWBC.

#### Conclusion of Law

8. K.S.A. 40-222(k)(2) provides:

"Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with any written submissions or rebuttals and any relevant portions of the examiners workpapers and enter an order:

- (A) adopting the examination report as filed with modification or corrections. If the examination report reveals that the company is operating in violation of any law, regulation or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure such violations; or
- (B) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation or information, and refiling pursuant to subsection (k); or
- (C) call and conduct a fact-finding hearing in accordance with K.S.A. 40-281, and amendments thereto, for purposes of obtaining additional documentation, data, information and testimony.

9. Based upon the Findings of Fact enumerated in paragraphs 1-7 above, the Department conducted a thorough and accurate financial condition examination. Therefore, the report as of December 31, 2015 should be adopted.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

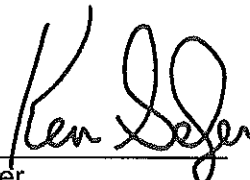
1. The financial condition examination report as of December 31, 2015 of MWBC, is hereby adopted.

2. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action necessary to dispose of this matter.

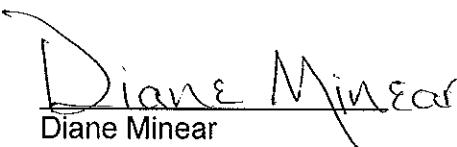
3. All administrative remedies have been exhausted.

IT IS SO ORDERED THIS 4<sup>TH</sup> DAY OF MAY, 2017 IN THE CITY OF TOPEKA,  
COUNTY OF SHAWNEE, STATE OF KANSAS.

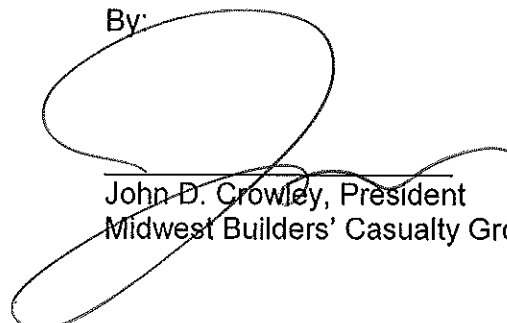


  
\_\_\_\_\_  
Ken Selzer  
Commissioner of Insurance

By:

  
\_\_\_\_\_  
Diane Minear  
General Counsel

By:

  
\_\_\_\_\_  
John D. Crowley, President  
Midwest Builders' Casualty Group

**NOTICE OF RIGHTS TO HEARING AND REVIEW**

This Order is subject to the provisions of the Kansas Judicial Review Act, K.S.A. 77-601 et seq. In the event the company files a Petition for Judicial Review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

**Certificate of Service**

The undersigned hereby certifies that he was served a true and correct copy of the above and foregoing **Consent Order** on this 4<sup>th</sup> day of May, 2017, by causing the same to be emailed to John Crowley, President, Midwest Builders' Casualty Group at [jcrowley@mwbc.com](mailto:jcrowley@mwbc.com).



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Richard Ramos  
Director, Financial Surveillance Division  
Kansas Insurance Department

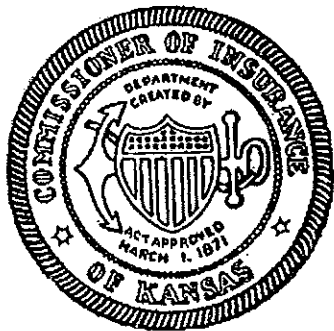
# ***CERTIFICATE***

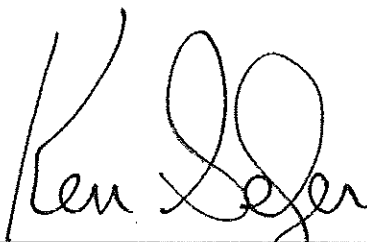
I, KEN SELZER, Commissioner of Insurance of Kansas, do hereby certify that the following and hereto attached is a true copy of

REPORT OF EXAMINATION  
OF  
MIDWEST BUILDERS CASUALTY COMPANY  
6201 COLLEGE BOULEVARD, SUITE 500  
OVERLAND PARK, KS 66211  
AS OF  
DECEMBER 31, 2015

the original of which is now on file and a matter of record in this office.

*In Witness Whereof*, I, KEN SELZER, Commissioner of Insurance of Kansas, have hereto affixed by signature and the seal of the Commissioner of Insurance, in the city of Topeka, Kansas this 4<sup>th</sup> day of May, 2017





\_\_\_\_\_  
*Commissioner of Insurance*

FILED  
MAY 04 2017  
KEN SELZER  
Commissioner of Insurance

**REPORT ON EXAMINATION**  
**OF**  
**MIDWEST BUILDERS' CASUALTY MUTUAL COMPANY**  
**6201 COLLEGE BOULEVARD, SUITE 500**  
**OVERLAND PARK, KANSAS 66211**  
**AS OF**  
**DECEMBER 31, 2015**

**FILED**  
**MAY 04 2017**  
**KEN SELZER**  
**Commissioner of Insurance**



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Topeka, Kansas  
February 27, 2017

Honorable Ken Selzer  
Commissioner of Insurance  
Kansas Insurance Department  
420 SW 9th Street  
Topeka, Kansas 66612-1678

Dear Commissioner:

In accordance with your authorization and pursuant to K.S.A. 40-222, *Examination of Condition of Company*, an examination has been conducted of the financial condition and business affairs of

**MIDWEST BUILDERS' CASUALTY MUTUAL COMPANY  
6201 COLLEGE BOULEVARD, SUITE 500  
OVERLAND PARK, KANSAS 66211**

hereinafter referred to as the "Company" or "MWBC". The following report on such examination is respectfully submitted.

**SCOPE OF EXAMINATION**

The examiner has performed a multi-state financial examination of MWBC, a Kansas domiciled property and casualty insurance company. The last examination covered the four-year period from February 12, 2008 through December 31, 2011. This examination covers the four-year period from January 1, 2012, through December 31, 2015. The Kansas Insurance Department (KID) performed concurrent four-year examinations as of December 31, 2015, on MWBC's wholly-owned, capital stock property and casualty subsidiaries, Bearing Midwest Casualty Company (BMCC) and Horizon Midwest Casualty Company (HMCC).

The examination was conducted in accordance with the rules, regulations and directives of the KID and the observed guidelines and procedures contained in the

National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (Handbook). The Handbook requires the examiners plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in K.S.A. 40-222, *Examination of Condition of Company*, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

### **Independent Audit Reports**

The Company's consolidated financial statements were audited by BKD, LLP for the years ending December 31, 2012 through December 31, 2015. In each of the years under examination, the auditors concluded that the consolidated financial statements

present fairly, in all material respects, the admitted assets, liabilities and policyholders' surplus of the Company as of December 31, 2015 and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the KID.

The independent auditor's work papers were reviewed and analyzed by the examiners; whereby significant reliance was placed on select work papers during the course of this examination.

### **SUMMARY OF SIGNIFICANT FINDINGS**

No significant findings were noted during the course of the examination.

### **COMPANY HISTORY**

Builders' Mutual Casualty Company was incorporated in Kansas on January 9, 2008, as a mutual property casualty insurance company under the provisions of K.S.A. 40-1201 *et seq.*, *Authority for Formation*. The Company was formed by the management of the Builders' Association Self-Insurers' Fund of Kansas and the Builders' Association Self-Insurers' Fund of Missouri (pools) by assuming the assets and liabilities of both pools. The Company filed a certificate of amendment on November 20, 2008 and changed its name to Midwest Builders' Casualty Mutual Company, effective November 21, 2008.

The Company incorporated BMCC and HMCC on January 19, 2012 and each company commenced business on July 1, 2012.

The Company's Third Amended and Restated Bylaws were approved by the board on December 22, 2011 and subsequently approved by the KID on October 2, 2012. This amendment established Series M and Series S membership, with each membership requiring members to be in good standing with a designated trade

association. Series M members are individuals or entities who are policyholders, other than a reinsurance contract, of MWBC, while Series S members are individuals or entities with unexpired policies, not reinsurance, issued by a wholly-owned subsidiary of MWBC.

### **Dividends and Capital Contributions**

In February 2015, MWBC paid an ordinary \$1,000,000 policyholder dividend. On December 9, 2015 the board approved a \$1,250,000 policyholder dividend payable in 2016.

In May 2012 MWBC provided the initial capital for the formation of BMCC and HMCC with the purchase of 2,750,000 shares and 1,250,000 shares, respectively, of their capital common stock par \$1.00 per share. The purchase price was \$2.00 per share resulting in common capital stock and gross paid in and contributed surplus in BMCC of \$5,500,000 and in HMCC of \$2,500,000.

MWBC has not received dividends from its subsidiaries during the examination period under review or subsequent to December 31, 2015.

### **MANAGEMENT AND CONTROL**

The Company's Articles of Incorporation (articles) consist of nine (9) articles identifying how management of the Company is vested in the Board of Directors. The board is comprised of at least five (5) and not more than twenty-five (25) Directors. The Company's bylaws consist of eighteen (18) articles providing the framework for the operation and management of the Company. The bylaws provide for the election of the board to occur at the annual meeting of the members. Elected Directors serve three-year staggered terms. The board elects a Chairman, a First Vice Chairman and a Second Vice Chairman from its members.

Board authorized committees consist of an audit and investment committee, comprised of the Second Vice Chairman and two additional board members selected by the Chairman and an executive and nominating committee comprised of the Chairman, First Vice Chairman, Second Vice Chairman and other board members or officers, who are non-voting members.

**Directors**

The following table provides a listing of members of the board as duly elected and serving in that capacity as of December 31, 2015:

<b>NAME</b>	<b>POSITION AND EMPLOYER</b>	<b>Term Expires</b>
Stephen D. Dunn *	Chairman. JE Dunn Construction Company	2015
Charles W. Haren III First Vice Chairman	President Haren & Laughlin Construction Company, Inc.	2015
Mark R. Teahan * Second Vice Chairman	Vice President George J. Shaw Construction Company.	2015
Joseph T. Fahey *	Chief Executive Officer J.M. Fahey Construction Company	2016
David L. Snodgrass	President Snodgrass & Sons Construction Company, Inc.	2016
James W. Carson Chairman	Vice President Carson-Mitchell, Inc.	2017
Leon J. Keller	Vice President Meyer Electric Company, Inc.	2017

\* Member of the Audit & Investment Committee

**Officers**

The bylaws provide for the board to elect a President, Vice President, Treasurer and Secretary to one (1) year terms. The President and Vice President will be members of the board. The officers listed in the table below were duly elected by the board and were serving in this capacity as of December 31, 2015:

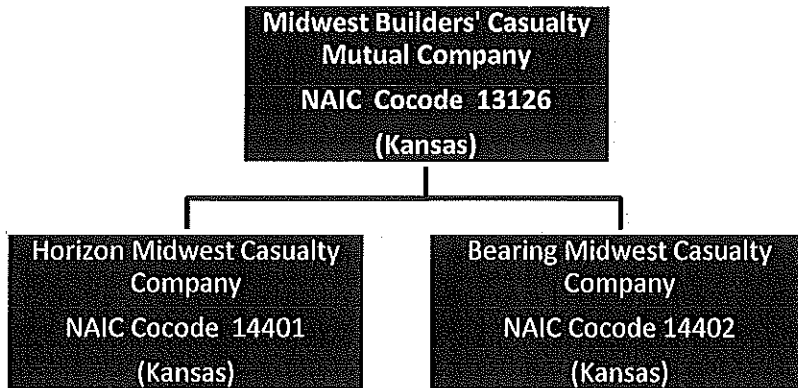
Name	Company Position
John D. Crowley	President
Melinda Yancey	Vice President and Secretary
Shannon Barberich	Treasurer

The examiners reviewed the minutes of the annual members' meeting, the board meetings, and board authorized committee meetings. The minutes supported the approval for transactions and events of the Company during the period under review and subsequent to December 31, 2015.

**Insurance Holding Company System**

K.S.A. 40-3301, et seq., *Insurance Holding Companies*, requires a domestic insurer that is part of an insurance holding company system to file appropriate registration statements with the Commissioner of Insurance. The Company has submitted Form "B" and "C" registration statements to the KID for each of the years under examination. A review of the registration statements indicated that the Company is properly reporting items and events as required by statute.

The following organizational chart illustrates the identities and intercompany relationships among insurance and non-insurance companies, if any, and the controlling entities thereof, as of December 31, 2015.



MWBC and its wholly-owned subsidiaries share a common Board of Directors and senior management. HMCC and BMCC are mono-line insurers writing worker compensation coverage. MWBC has not contributed additional capital beyond the initial capitalization of these subsidiaries.

**Intercompany/Cost Sharing Agreements**

The Company entered into an Administrative Services Agreement, effective August 22, 2012, with BMCC and HMCC. In accordance with this agreement the Company provides producer management reinsurance, legal, facilities management, tax and audit services, accounting, supplies as well as other services for the successful operation of the subsidiaries. The Company submits quarterly billings and is reimbursed its allocated costs for providing these services.

The Company and its subsidiaries entered into a Tax Allocation Agreement, effective October 12, 2015. Each member of the group agrees to file consolidated federal income tax returns for any year, as determined by MWBC. Each member's federal income tax liability is limited to their federal income tax liability as if the member had filed separately from the group. Losses of any member may be carried backward or forward for the benefit of any member of the group, as allowed by the Internal



Revenue Code or Treasury Regulation. State tax returns are handled on a basis consistent with the federal tax filings.

### TERRITORY AND PLAN OF OPERATION

As of December 31, 2015, the Company is authorized to transact business in the following states:

Arizona	Arkansas	Colorado	Georgia
Illinois	Iowa	Kansas	Kentucky
Missouri	Nebraska	New Mexico	Oklahoma
South Dakota	Tennessee	Texas	

The NAIC Schedule T Exceptions Report was reviewed for each of the states where the Company is licensed. No exceptions were noted.

As of December 31, 2015, 97.4% of the Company's direct written premiums were written in Missouri (39.7%), Kansas (39.5%), Iowa (10.3%), Nebraska (5.1%) and Oklahoma (2.8%).

### GROWTH OF COMPANY

The exhibit below shows [REDACTED] the Company's financial growth (in thousands) for the period of December 31, 2011 through December 31, 2015. The financial growth amounts were obtained from annual statements filed by the Company.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>[REDACTED]</b>					
<i>(in thousands)</i>					
Admitted Assets	\$71,888	\$72,982	\$78,799	\$78,444	\$82,667
Liabilities	32,663	33,163	37,407	35,599	38,412
Capital and Surplus	39,225	39,819	41,392	42,846	44,256
Net Underwriting Gain/(Loss)	(1,177)	(2,123)	(915)	909	1,751
Net Income	(69)	71	\$ 1,409	1,824	1,825
Net Premiums Written	15,261	16,552	19,711	22,079	24,595

## **REINSURANCE**

All reinsurance agreements reviewed during the course of the examination contained insolvency and cancellation clauses as required by paragraph (c) of K.S.A. 40-221a, *Reinsurance of Risks of and by Kansas Companies*. All reinsurance agreements reviewed provided for the transfer of risk.

### **Assumed Reinsurance**

The Company, through a 100% quota share reinsurance agreement, assumes all liabilities from losses and Loss Adjustment Expenses for policies issued, renewed or assumed by BMCC and HMCC. This quota share reinsurance agreement was effective June 14, 2012 and terminates upon mutual agreement of all parties.

The Company assumes reinsurance for those states it is licensed in and in which the state's worker's compensation reinsurance pool is managed by the National Council on Compensation Insurance.

### **Ceded Reinsurance**

The Company cedes its risks from direct written business and assumed risks through two (2) excess of loss agreements. The Company's retention is \$1,250,000 in its working layer excess of loss agreement while the reinsurer accepts up to \$8,750,000 as its liability for losses. In the second excess of loss agreement the Company retains the first \$10,000,000 of losses and loss adjustment expenses and the reinsurers' maximum loss exposure is \$15,000,000 any one occurrence and \$30,000,000 for all occurrences during the term of the agreement.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the KID and present the financial condition of the Company for the

period ending December 31, 2015. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

**MIDWEST BUILDERS' CASUALTY MUTUAL COMPANY**  
**ANALYSIS OF ASSETS**  
**AS OF DECEMBER 31, 2015**

	Assets	Assets Nonadmitted	Net Admitted Assets
Bonds	\$ 54,038,060		\$ 54,038,060
Common stocks	15,754,791		15,754,791
Cash and short-term investments	7,889,296		7,889,296
Investment income due and accrued	370,942		370,942
Uncollected premiums and agents' balances in the course of collection	89,190	\$ 89,190	-
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,411,150	39,948	1,371,202
Amounts recoverable from reinsurers	28,950		28,950
Other amounts receivable under reinsurance contracts	82,016		82,016
Current federal and foreign income tax recoverable	1,305,240		1,305,240
Net deferred tax asset	622,137	89,312	532,825
EDP equipment and software	11,197		11,197
Furniture and equipment	206,450	206,450	-
Receivables from parent, subsidiaries and affiliates	532,948		532,948
Health care and other amounts receivable	318,103		318,103
Aggregate write-ins for other than invested assets	501,191	69,588	431,603
<b>Totals</b>	<b>\$ 83,161,661</b>	<b>\$ 494,488</b>	<b>\$ 82,667,173</b>

**MIDWEST BUILDERS' CASUALTY MUTUAL COMPANY**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**  
**AS OF DECEMBER 31, 2015**

Losses	\$ 28,347,524
Loss adjustment expense	2,530,221
Commissions payable, contingent commissions and other similar charges	123,180
Other expenses	215,318
Taxes, licenses and fees	236,003
Unearned premiums	300,685
Dividends declared and unpaid - Policyholders	1,250,000
Ceded reinsurance premiums payable	128,883
Amounts withheld or retained by company for others	4,134,015
Payable to parent, subsidiaries and affiliates	87,060
Aggregate write-ins for other-than-special surplus funds	1,058,629
Total liabilities	<u>38,411,518</u>
Unassigned funds	44,255,653
Surplus as regards policyholders	<u>44,255,653</u>
Totals	<u><u>\$ 82,667,171</u></u>

**MIDWEST BUILDERS' CASUALTY MUTUAL COMPANY**  
**STATEMENT OF INCOME**  
**CAPITAL AND SURPLUS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Underwriting Income:</u>	
Premiums earned	\$ 24,579,191
<u>Deduct:</u>	
Losses incurred	13,954,164
Loss expenses incurred	1,993,965
Other underwriting expenses incurred	6,880,029
Total underwriting deductions	22,828,158
Net underwriting gain or (loss)	1,751,033
<u>Investment Income:</u>	
Net investment income earned	1,663,136
Net realized capital gains or (losses)	116,446
Net investment gain or (loss)	1,779,582
<u>Other Income:</u>	
Net gain (loss) from agents' or premium balances charged off	-
Finance and service charges not included in premiums	-
Aggregate write-ins for miscellaneous income	53,704
Total other income	53,704
Net income before dividends to policyholders and before federal income taxes	3,584,319
Dividends to policyholders	1,250,000
Net income after dividends to policyholders and before federal income taxes	2,334,319
Federal income taxes incurred	509,019
Net income	\$ 1,825,300

**CAPITAL AND SURPLUS ACCOUNT**

Surplus as regards policyholders, December 31, 2014	\$ 42,845,604
Net income	1,825,300
Change in net unrealized capital gains (losses)	(36,595)
Change in net deferred income tax	(246,784)
Change in nonadmitted assets	(131,867)
Change in provision for reinsurance	-
Aggregate write-ins for gains and losses in surplus	-
Change in surplus as regards policyholders for the year	1,410,054
Surplus as regards policyholders, December 31, 2015	\$ 44,255,658

**MIDWEST BUILDERS' CASUALTY MUTUAL COMPANY**  
**CAPITAL AND SURPLUS ACCOUNT**  
**RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

Surplus as regards policyholders, December 31, 2011			<u>\$ 39,225,127</u>
Net income	2012	71,179	
	2013	1,409,491	
	2014	1,823,542	
	2015	<u>1,825,300</u>	5,129,512
Change in net unrealized capital gains or (losses)	2012	95,536	
	2013	252,610	
	2014	(135,777)	
	2015	<u>(36,595)</u>	175,774
Change in net deferred income tax	2012	37,239	
	2013	(113,967)	
	2014	(18,463)	
	2015	<u>(246,784)</u>	(341,975)
Change in nonadmitted assets	2012	(58,508)	
	2013	74,433	
	2014	(118,391)	
	2015	<u>(131,867)</u>	(234,333)
Cumulative effect of changes in accounting principles	2012	448,757	
	2013	-	
	2014	-	
	2015	<u>-</u>	448,757
Aggregate write-ins for gains and losses in surplus	2012	-	
	2013	(50,000)	
	2014	(97,202)	
	2015	<u>-</u>	<u>(147,202)</u>
Surplus as regards policyholders, December 31, 2015			<u>\$ 44,255,660</u>

### **ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS**

No adjustments were made to surplus as a result of this examination. The capital and surplus of the Company, as of December 31, 2015, was \$44,255,653, which was the same amount reported by the Company in its 2015 filed Annual Statement.

### **COMMENTS ON FINANCIAL STATEMENTS**

There were no significant or material findings resulting from the examination that warranted inclusion in the report on examination.

### **SUBSEQUENT EVENTS**

The Company's fourth amended and restated bylaws were approved by the Board and filed with the Kansas Insurance Department on August 10, 2016. This amendment removed the requirement that Series M and Series S members must also be members in a designated trade association. This amendment enables the Company to expand membership to those entities operating in "light" manufacturing.

### **SUMMARY OF RECOMMENDATIONS**

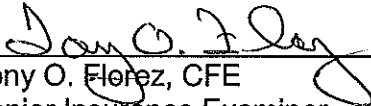
There were no recommendations noted for inclusion in the report of examination.



## CONCLUSION

The assistance and cooperation by the officers of the Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Mr. Shane Mead, CISA, CISM, CRISC, an information technology examiner representing the Kansas Insurance Department, participated in this examination.

Respectfully submitted,

  
\_\_\_\_\_  
Tony O. Florez, CFE  
Senior Insurance Examiner  
Examiner-in-Charge

**EXHIBIT S**  
**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND**  
**PROCEDURES USED IN AN EXAMINATION**

State of Kansas

County of Shawnee

Tony O. Florez being duly sworn, states as follows:

1. I have authority to represent the Kansas Insurance Department in the examination of Midwest Builders' Casualty Mutual Company.
2. The Kansas Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have reviewed the examination work papers and examination report, and the examination of Midwest Builders' Casualty Mutual Company was performed in a manner consistent with the standards and procedures required by K.S.A. 40-222.

The affiant says nothing further.

Tony O. Florez  
Examiner's Signature

Subscribed and sworn before me by Tony Florez on this  
17<sup>th</sup> day of March, 2017.

(SEAL) 

Vicki L. Roy  
Notary Public

My commission expires 10-13-2019  
(date)