



# BEST'S COMPANY REPORT



Trust in Tomorrow.®

## GRINNELL MUTUAL GROUP

AMB #: 005727

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

## GRINNELL MUTUAL REINSURANCE COMPANY

**A**

Domiciliary Address: 4215 Highway 146, Grinnell, Iowa 50112-0790 United States

Mailing Address: P.O. Box 790, Grinnell, Iowa 50112-0790 United States

AMB #: 000442

NAIC #: 14117

FEIN #: 42-0245990

Phone: +1-641-269-8000

Fax: +1-641-236-2800

Website: [www.grinnellmutual.com](http://www.grinnellmutual.com)



**Best's Credit Rating Effective Date**

August 24, 2023

**Analytical Contacts**

Josie Novak  
 Financial Analyst  
[Josie.Novak@ambest.com](mailto:Josie.Novak@ambest.com)  
 +1(908) 439-2200 Ext. 5242

Janet Hernandez  
 Senior Financial Analyst  
[Janet.Hernandez@ambest.com](mailto:Janet.Hernandez@ambest.com)  
 +1(908) 439-2200 Ext. 5767

**Information**

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

**Financial Data Presented**

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

**Grinnell Mutual Group**

**AMB #:** 005727

**Associated Ultimate Parent:** AMB # 000442 - Grinnell Mutual Reinsurance Company

**Best's Credit Ratings - for the Rating Unit Members**

**Financial Strength Rating (FSR)**

<p><b>A</b></p> <p><b>Excellent</b></p> <p>Outlook: <b>Stable</b></p> <p>Action: <b>Affirmed</b></p>
--

**Issuer Credit Rating (ICR)**

<p><b>a+</b></p> <p><b>Excellent</b></p> <p>Outlook: <b>Negative</b></p> <p>Action: <b>Affirmed</b></p>
---

**Assessment Descriptors**

Balance Sheet Strength	<b>Strongest</b>
Operating Performance	<b>Adequate</b>
Business Profile	<b>Neutral</b>
Enterprise Risk Management	<b>Appropriate</b>

**Rating Unit - Members**

**Rating Unit: Grinnell Mutual Group | AMB #: 005727**

**AMB # Rating Unit Members**  
 022611 Grinnell Compass, Inc.  
 000442 Grinnell Mutual Reinsurance Co

**AMB # Rating Unit Members**  
 001912 Grinnell Select Insurance Co

## Rating Rationale

### Balance Sheet Strength: **Strongest**

- Grinnell Mutual Group maintains the strongest level of overall risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) at the 99.6% VaR confidence level.
- The group maintains a conservative investment portfolio primarily held in fixed-income securities. Common stock leverage remains moderate and well below composite averages.
- The group maintains solid liquidity ratios that are enhanced by generally favorable underwriting and operating cash flows.
- Positive pre-tax operating and net income has generated consistent surplus appreciation, which has led to stable net and gross underwriting leverage over the most recent five years.

### Operating Performance: **Adequate**

- Operating performance is adequate, supported by five-year average combined and operating ratios that edge composite averages. However, in relation to earlier in the five-year period the group's combined ratio has deteriorated through the first half of 2023 due to frequent and severe weather-related events.
- While operating earnings have been favorable in three of the last five years, there has been significant variation in earnings due to an increase in catastrophic events in more recent years.
- The group has undertaken multiple initiatives for both its direct and reinsurance business to help strengthen underwriting guidelines and restore profitability, which has been under pressure in recent years. This includes significant rate increases starting in 2022, although these have not been sufficient to stabilize results.
- Grinnell has experienced stable growth over the most recent five years while also improving pricing and risk management of its underlying book of business.
- The group maintains an elevated underwriting expense ratio due to technology upgrades. This is partially offset by the adequate underlying performance of its book of business as reflected in its five-year average pure loss ratio, which slightly outperforms the composite.

### Business Profile: **Neutral**

- The business profile is neutral due to Grinnell's varied mix of business, including direct personal lines, commercial lines and assumed reinsurance business, as well as its solid foothold in the farm property reinsurance market.
- Although business is geographically concentrated in the Midwest, the group has improved its spread of risk by expanding into other states.
- The group's substantial property business, both direct and assumed, creates susceptibility to frequent and severe weather-related events.
- Grinnell maintains strong relationships with the mutual insurance companies it reinsures (known as member mutuals), as well as its policyholders and over 1,700 agents.

### Enterprise Risk Management: **Appropriate**

- Enterprise risk management is appropriate for Grinnell's size and scope as a regional insurance and reinsurance group, primarily in the Midwest.
- Management has established a comprehensive approach to anticipate, identify, prioritize, and manage material risks to their business objectives.
- The group maintains an active risk identification process with an established risk appetite and tolerance levels for its key risks.
- Grinnell's strong governance process and formalized risk management program include weekly meetings by senior leadership to review and investigate emerging risks.
- The group's property catastrophe reinsurance program protects surplus from tail events, as measured by BCAR at the 99.8% VaR confidence level.

### Outlook

- The negative outlook on the Long-Term ICR reflects the deterioration in Grinnell's operating performance primarily driven by elevated loss activity from increased frequency and severity of weather-related events. While the group has begun to implement multiple initiatives to improve results, the ultimate effectiveness of these efforts remains uncertain. In the absence of improvement, the ratings may be downgraded. The outlook on the FSR remains stable.

## Rating Drivers

- Negative rating action may occur if key operating performance metrics continue to deteriorate to a level that is no longer aligned with the adequate descriptor.
- Negative rating action may occur if risk-adjusted capitalization materially declines and the balance sheet assessment is no longer aligned with the strongest descriptor.
- While it is thought to be unlikely, positive movement could occur if operating performance metrics show a sustained trend of improvement with minimal volatility in year to year results.

## Credit Analysis

### Balance Sheet Strength

Grinnell's balance sheet is strongest, supported by the strongest level of overall risk-adjusted capitalization, solid liquidity, and a conservative investment portfolio. Gross and net underwriting leverage do fall above the composite averages, but have generally remained stable over the latest five year period. Grinnell has added to surplus in each of the last five years due to strong investment income supplemented to a lesser extent by underwriting income. Grinnell protects policyholder surplus from frequent and severe weather events by purchasing an appropriate reinsurance program. Its property catastrophe protection reduces Grinnell's modeled catastrophe events to a manageable level of policyholder surplus.

### Capitalization

Grinnell maintains the strongest overall level of risk-adjusted capitalization, as measured by BCAR at the 99.6% VaR confidence level. BCAR remains at the strongest level after both the natural catastrophe and terrorism stress tests. BCAR scores did decline due to surplus losses at YE 2022 and through 2Q2023, but the assessment remains strongest. Additionally, driving the lower capitalization scores is an increase in Grinnell's retention levels.

Gross and net underwriting leverage measures are somewhat elevated compared to the composite averages. Prior to 2022, the group has generated strong, surplus growth in each of the last four years leading to generally stable leverage measures. However, 2022 leverage metrics saw an uptick from a decline in surplus due to the equity market volatility and unrealized losses on the market portfolio. Surplus deterioration has continued through 2023 due to significant underwriting losses. Despite the decline in equity, the group continues to maintain solid liquidity measures which have declined through 2023, although still strong. Liquidity is further enhanced by generally positive underwriting and operating cash flows despite significant catastrophe losses - 2020 and 2022 are the only exceptions. Grinnell protects surplus by purchasing property per occurrence, property aggregate, property per risk, umbrella per policy, casualty per occurrence, and workers compensation per person reinsurance.

### Asset Liability Management - Investments

Grinnell maintains a conservative investment portfolio, primarily in high quality fixed income. The group does hold some common stocks and Schedule BA assets, but common stock leverage and non-affiliated investment leverage are moderate and remain below composite averages. However, Grinnell is exposed to equity market volatility as witnessed throughout 2022 and into 2023. Grinnell's common stock holdings are primarily diversified mutual funds, index funds, and ETFs. The group maintains an investment policy with the primary objectives being to preserve capital, meet cash flows needs, match maturities with losses, comply with regulations, seek appropriate risk and returns, and account for tax considerations. The group's average bond maturity is just under seven years.

### Reserve Adequacy

Loss reserves relative to policyholder surplus is above the composite averages. Grinnell was fairly conservative with reserving, specifically IBNR reserves in 2021 due to the December 2021 derecho event being so close to the end of the fiscal year. The majority of reserves are from private passenger auto liability, other liability (occurrence), and workers' compensation. Loss reserves have begun to see some adverse development in recent accident and calendar years. Reserving deficiencies can be partially attributed to social inflation and supply chain issues. Estimates are continually reviewed and adjusted as necessary. Reserves are trending favorably through 3Q2022 by \$6.7M.

### Operating Performance

Operating performance is currently adequate, supported by five year average combined and operating ratios that sit above composite measures. A negative outlook was placed on the rating due to the continual deterioration of key operating performance metrics through the first half of 2023. The group's book of business is split into thirds between personal lines, commercial lines, and

**Operating Performance (Continued...)**

reinsurance. Because of the company's substantial property business, Grinnell's results tend to be heavily affected by weather-related events. The company's 2018 results saw no major impact from weather, resulting in the second largest underwriting gain in the latest five year period. From 2019 until present, the group has seen more weather activity year over year with 2023 weather activity coming to a head as both frequency and severity of losses have impacted results. Economic inflation, supply chain disruptions, labor shortages and medical inflation continue to plague the industry also driving up loss and rebuilding costs. Finally, the groups reinsurance program has seen significantly increased ceded premiums coupled with much higher retentions and minimal loss recoveries.

Grinnell has shifted their focus to restoring profitability and rate adequacy while strengthening underwriting guidelines. The group has implemented a number of initiatives to improve losses and profitability by segment. This is inclusive of significant rate increases and non-renewals of underperforming business segments as well as non-renewing contracts with poor claim experience and unacceptable management practices. These steps are being taken to restore profitability, and help reduced the group's exposure to severe weather-related events. However, through June of 2023 these measures have not been sufficient to improve operating results.

The group continues to improve its overall systems capabilities to implement a more efficient and effective operating system to revolutionize how they process their business and connect with agents and policyholders. Along with system changes, the group is focused on streamlining their underlying processes to ensure all steps are necessary and adding value, which they believe will reduce expenses over the long run.

Grinnell continues to generate steady net investment income with a five year average net investment yield that compares favorably to the composite average. However, negative returns in 2021 and 2022 have skewed these averages down. Pre-tax and total ROR and total ROE has fallen below composite averages, while pre-tax ROE remains favorable.

**Business Profile**

Business profile is neutral because of Grinnell's varied mix of direct business, including both personal and commercial lines, and reinsurance business, as well as its solid foothold in the farm property reinsurance market. The group writes personal and commercial auto, workers compensation, general liability, commercial multi-peril, allied lines, inland marine, homeowners, and reinsurance, which consists primarily of farmowners business. The ratings of Grinnell Mutual Group include Grinnell Mutual Reinsurance Company (GMRC) and Grinnell Select Insurance Company (GSIC). GSIC is a wholly-owned subsidiary of GMRC.

GMRC's main purpose is reinsuring the property risks of smaller mutual insurers. By following this steady business plan GMRC is now one of the largest farm property reinsurers in the United States, providing reinsurance and services to approximately 240 member mutuals, with related premiums comprising approximately one fifth of the group's gross premiums. The remainder of the group's premiums are split between direct property and liability risks with premiums being concentrated in the Midwest. Business is written through approximately 1,700 independent agents, which are also agents of the member mutuals. Grinnell operates in 12 states and reinsures about half of the small mutuals in its writing territory. Grinnell is a top ten insurer in their home state of Iowa with a strong marketshare in personal auto. The results of the group's reinsurance business can be volatile because it is susceptible to weather-related events. Rates for reinsurance contracts are determined by pricing models and the loss experience of the ceding companies.

GMRC assumed 100% of the premiums, and related losses and expenses of GSIC. GSIC's purpose is to insure automobile risks with special characteristics, including both preferred and nonstandard business. Inland marine and workers compensation was added several years back. This business is written through approximately 1,700 independent agents, which are also agents of GMRC.

Other subsidiaries of GMRC include Grinnell Compass, Inc., another insurance company; Grinnell SpecialtyAgency, LLC, an insurance agency to provide additional insurance markets to company agents; and Farmutual Insurance Services, LLC, and Grinnell Advisory Company, LLC, which both provide services to assist member mutuals. Grinnell Compass was formed in 2015 to provide a new personal auto rating platform that utilizes a multivariate auto program and has a 100% quota share reinsurance contract with GMRC.

**Enterprise Risk Management**

Enterprise risk management is appropriate for Grinnell's size and scope as a regional mutual insurance and reinsurance group. The group has a formalized ERM program, which is an integral part of the group's operations and the foundation for its ORSA report. The company has an Audit Committee comprised of members of the Board of Directors. The Audit Committee reports its activities to the board semi-annually. The Audit Committee maintains an Audit Committee Charter and Audit Services Charter, which outline the purpose, authority, and responsibilities of the committee and charter. The committee meets semi-annually to review significant legal matters, financial matters, external audit results, internal audit results and activities, and code of business conduct activities.

Risks are prioritized and evaluated based on the likelihood of occurrence, correlations with other risks, and potential impact to the business. The group has an established risk appetite and tolerance levels set for capital, operations, investments, regulatory exposure, and talent. Significant stress testing is done for multiple scenarios including concurrent scenarios to determine net impacts to Grinnell.

## Enterprise Risk Management (Continued...)

The group maintains a comprehensive excess of loss reinsurance program that protects surplus from per occurrence and aggregate losses. Management performs extensive natural catastrophe modeling annually in order to better manage its retained exposure. The group's comprehensive property catastrophe reinsurance program protects policyholder surplus from frequent and severe weather-related events and tail events, as measured by BCAR at the 99.8 VaR confidence level.

## Reinsurance Summary

The group's 2022 reinsurance program includes property per occurrence covering \$125 million excess of \$50 million, property aggregate covering up to \$330 million excess of an 82.5% loss ratio, property per risk covering \$30 million excess of \$1 million, casualty per occurrence covering \$40 million excess of \$1 million, umbrella per policy covering \$14 million excess of \$1 million (inures to benefit of casualty per occurrence), and workers compensation per person covering \$20 million excess of \$10 million. The group cedes 100% of its cyber business and earthquake. Effective January 1, 2009, Grinnell Select and Grinnell Compass have a 100% quota share reinsurance contract with its parent company, Grinnell Mutual Reinsurance.

## Environmental, Social & Governance

AM Best views the main ESG risk to Grinnell is climate risk, with rising global temperatures contributing to higher frequency and severity of events throughout Grinnell's operating territories. Grinnell Mutual is taking a pragmatic approach to identify, compile, monitor, and report items related to ESG. The group maintains a detailed list of ESG items and regularly monitors, reviews and updates their ESG listing. Grinnell has been able to absorb losses in recent years without falling outside of risk tolerance or reinsurance levels. The strong governance practices should ensure stability in results and that shock losses continue to be absorbed in line with their risk appetite.

AM Best views there is low risk to credit quality as the insurer has limited exposure to ESG factors in the market. The company has a seasoned governance approach that does not permit exposures to any so called "toxic" industries in their underwriting or investment activities. Grinnell will continue to review their investment purchases based on the investment's ESG scores. Grinnell will continue to implement energy-saving and environmentally friendly steps for the company.

**Financial Statements**

	6-Months		Year End - December 31			
	2023		2022		2021	
<b>Balance Sheet</b>	<b>USD (000)</b>	<b>%</b>	<b>USD (000)</b>	<b>%</b>	<b>USD (000)</b>	<b>%</b>
Cash and Short Term Investments	40,331	2.7	-15,935	-1.1	25,767	1.7
Bonds	993,875	66.1	1,013,297	70.9	1,067,195	70.6
Preferred and Common Stock	143,409	9.5	144,886	10.1	181,860	12.0
Other Invested Assets	26,657	1.8	30,435	2.1	22,305	1.5
<b>Total Cash and Invested Assets</b>	<b>1,204,271</b>	<b>80.1</b>	<b>1,172,683</b>	<b>82.0</b>	<b>1,297,127</b>	<b>85.8</b>
Premium Balances	192,327	12.8	157,820	11.0	136,453	9.0
Net Deferred Tax Asset	35,494	2.4	29,665	2.1	6,992	0.5
Other Assets	70,489	4.7	69,967	4.9	71,748	4.7
<b>Total Assets</b>	<b>1,502,581</b>	<b>100.0</b>	<b>1,430,135</b>	<b>100.0</b>	<b>1,512,321</b>	<b>100.0</b>
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	345,648	23.0	196,807	13.8	256,810	17.0
Net IBNR Loss Reserves*	145,531	9.7	101,414	7.1	95,724	6.3
Net LAE Reserves	...	...	80,943	5.7	70,309	4.6
Total Net Loss and LAE Reserves	491,179	32.7	379,164	26.5	422,843	28.0
Net Unearned Premiums	304,826	20.3	249,066	17.4	222,668	14.7
Other Liabilities	96,580	6.4	127,154	8.9	95,309	6.3
<b>Total Liabilities</b>	<b>892,585</b>	<b>59.4</b>	<b>755,385</b>	<b>52.8</b>	<b>740,820</b>	<b>49.0</b>
Unassigned Surplus	608,996	40.5	673,751	47.1	770,501	50.9
Other Surplus	1,000	0.1	1,000	0.1	1,000	0.1
<b>Total Policyholders' Surplus</b>	<b>609,996</b>	<b>40.6</b>	<b>674,751</b>	<b>47.2</b>	<b>771,501</b>	<b>51.0</b>
<b>Total Liabilities and Surplus</b>	<b>1,502,581</b>	<b>100.0</b>	<b>1,430,135</b>	<b>100.0</b>	<b>1,512,321</b>	<b>100.0</b>

Source: BestLink® - Best's Financial Suite

\* Interim reserves balances include LAE.

## Grinnell Mutual Group

### Operations

**Date Incorporated:** April 17, 1909

**Domiciled:** Iowa, United States

**Business Type:** Property/Casualty  
**Organization Type:** Mutual  
**Marketing Type:** Independent Agency

**Last Update**

August 24, 2023

**Identifiers**

**AMB #:** 005727

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Property/Casualty business of AMB#: [000442 Grinnell Mutual Reinsurance Company](#).

AMB#: [000442 Grinnell Mutual Reinsurance Company](#) has been assigned as the AMB Group Lead for this consolidation and should be used to access name, address, or other contact information for this AM Best Consolidated Group.

**Financial Data Presented**

See [LINK](#) for details of the entities represented by the data presented in this report.

## Best's Credit Ratings

### Rating Relationship

This group represents an AM Best Rating Unit. In our opinion, companies under this Rating Unit have an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

**Best's Credit Rating Effective Date:** August 24, 2023

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 005727 - Grinnell Mutual Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
022611	Grinnell Compass, Inc.	A	a+
000442	Grinnell Mutual Reinsurance Co	A	a+
001912	Grinnell Select Insurance Co	A	a+

## Management

Administration of the group's affairs is directed by insurance executives who have spent the greater part of their business careers with the company. Jeffrey R. Menary was elected President and Chief Executive Officer effective December 15, 2017. Mr. Menary had previously held the position of Executive Vice President. Joint administrative offices are maintained by all companies.

## History

Grinnell Mutual Reinsurance Company, the lead member of the group, was incorporated in 1909 under the laws of Iowa. Grinnell Select Insurance Company was formed in 1984, and Grinnell Compass, Inc, was formed in 2015, both also under the laws of Iowa.



## Grinnell Mutual Reinsurance Company

**Last Update**

August 24, 2023

**Identifiers**

**AMB #:** 000442

**NAIC #:** 14117

**FEIN #:** 42-0245990

**Contact Information**

Domiciliary Address:

4215 Highway 146, Grinnell, Iowa  
50112-0790  
United States

Mailing Address:

P.O. Box 790, Grinnell, Iowa  
50112-0790  
United States

**Web:** [www.grinnellmutual.com](http://www.grinnellmutual.com)

**Phone:** +1-641-269-8000

**Fax:** +1-641-236-2800

**Financial Data Presented**

The financial data in this report reflects the most current data available at the time the report was printed.

### Operations

**Date Incorporated:** April 17, 1909 | **Date Commenced:** April 17, 1909

**Domiciled:** Iowa, United States

**Licensed:** (Current since 05/11/2023). Credit is allowed for reinsurance in AR, CT, KS, KY, MD, MI, MT, NJ, NY, NC, OR, TN, VT, VA and WV, as it is accredited or licensed in other states. The company is licensed in IL, IN, IA, MN, MO, NE, ND, OH, OK, PA, SD and WI.

**Business Type:** Property/Casualty  
**Organization Type:** Mutual  
**Marketing Type:** Independent Agency  
**Best's Financial Size Category:** X (USD 500 Million to Less than 750 Million)

## Best's Credit Ratings

### Best's Credit Rating History

AM Best has assigned ratings on this company since 1950. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Effective Date	Best's Financial Strength Ratings			Best's Long-Term Issuer Credit Ratings		
	Rating	Outlook	Action	Rating	Outlook	Action
<b>Current -</b>						
<b>Aug 24, 2023</b>	<b>A</b>	<b>Stable</b>	<b>Affirmed</b>	<b>a+</b>	<b>Negative</b>	<b>Affirmed</b>
Feb 14, 2023	A	Stable	Affirmed	a+	Stable	Affirmed
Jan 27, 2022	A	Stable	Affirmed	a+	Stable	Affirmed
Jan 27, 2021	A	Stable	Affirmed	a+	Stable	Affirmed
Jan 31, 2020	A	Stable	Affirmed	a+	Stable	Affirmed

## Management

Administration of the company's affairs is directed by insurance executives who have spent the greater part of their business careers with the company. Jeffrey R. Menary was elected President and Chief Executive Officer effective January 1, 2018. Mr. Menary had previously held the position of Executive Vice President, Line of Business Operations.

## Officers

**President and CEO:** Jeffrey R. Menary  
**COO:** David M. Wingert  
**Vice President and Chief Information Officer:** Roby C. Shay (Enterprise Solutions)  
**Vice President, Secretary and General Counsel:** William E. Simonaitis (Legal)  
**Vice President, Treasurer and CFO:** Christopher L. Hansen (Finance)  
**Vice President:** Lauren E. Augustin (Product Transformation & Delivery)  
**Vice President:** Brian J. Delfino (Claims)  
**Vice President:** Kevin P. Farrell (Reinsurance)  
**Vice President:** Michelle A. Hutchinson (Audit)  
**Vice President:** Steven M. Scherf (Direct Underwriting & Production)  
**Vice President:** Jeffrey R. Vogts (Talent Development)  
**Controller:** Michelle W. Papendick (Finance)

## Directors

Larry W. Cook  
Daniel W. DeArment  
Randy K. Druvenga  
Mark D. Knouse  
William J. Lampe  
Kendall E. Lunsford  
Mary Jo Robison  
Mark D. Schmidt  
Paul G. Stueven  
Susan K. Taggart  
Steven L. Underwood  
James P. Wellman

## History

The company was incorporated and began business on April 17, 1909 under the laws of Iowa as Iowa Farmers Mutual Reinsurance Association. The corporate name was changed to Farmers Mutual Reinsurance Association in 1935 and to Farmers Mutual Reinsurance Company in 1948. The present title was adopted on June 26, 1963.

The company was originally formed for the purpose of strengthening farm mutuals. Operation and control of the company are based on a democratic system, with the board of directors composed of farm mutual officers. Directors are elected at the company's annual meeting, with each member mutual having an equal voice. The board is comprised of 12 members, most of whom have enjoyed many years of experience in the active management of the member farm mutuals and independent insurance agencies throughout the territory served by the company. The company now serves approximately 240 member farm mutuals in 14 states, primarily located in the Upper Midwest. Membership in Grinnell Mutual consists of a single person or organization utilizing its facilities. Each farm mutual employing its reinsurance facilities is considered a member and entitled to be represented by one delegate at any meeting of the membership.

In 1984, Grinnell Mutual Reinsurance formed a wholly-owned downstream holding company, Grinnell INCO, Inc., formerly GMRC Company. The holding company took action in late-1984 to form a wholly-owned insurance subsidiary, Grinnell Select Insurance Company. Grinnell Select started as a preferred risk personal lines auto writer in Iowa and added a substandard auto line in 1988. Effective December 1, 1988, Grinnell Mutual Life Insurance Company, an affiliate, was converted to a stock life insurance company. The new company, Grinnell Life Insurance Company, was purchased 100% by Grinnell INCO, Inc. Grinnell Life was merged into Investors Life Insurance Company of Indiana in September 1998. Grinnell INCO, Inc., in March of 1998, was dissolved and ownership of all subsidiaries was transferred to Grinnell Mutual Reinsurance Company. A wholly-owned insurance subsidiary, Grinnell Compass, Inc., was formed in 2015. The company also owns non-insurance company subsidiaries that provide supportive services to the company and members.

**Financial Statements**

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File – P/C, US.

**Currency:** US Dollars

	6-Months		Year End - December 31			
	2023		2022		2021	
	USD (000)	%	USD (000)	%	USD (000)	%
<b>Balance Sheet</b>						
Cash and Short Term Investments	31,550	2.1	-21,733	-1.5	16,470	1.1
Bonds	993,875	67.5	1,013,297	72.2	1,067,195	71.6
Preferred and Common Stock	173,316	11.8	174,715	12.5	206,613	13.9
Other Invested Assets	26,657	1.8	30,435	2.2	22,305	1.5
<b>Total Cash and Invested Assets</b>	<b>1,225,397</b>	<b>83.2</b>	<b>1,196,714</b>	<b>85.3</b>	<b>1,312,583</b>	<b>88.1</b>
Premium Balances	162,934	11.1	129,907	9.3	116,697	7.8
Net Deferred Tax Asset	35,445	2.4	29,629	2.1	6,942	0.5
Other Assets	49,548	3.4	46,752	3.3	53,974	3.6
<b>Total Assets</b>	<b>1,473,324</b>	<b>100.0</b>	<b>1,403,002</b>	<b>100.0</b>	<b>1,490,196</b>	<b>100.0</b>
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	345,648	23.5	196,807	14.0	256,810	17.2
Net IBNR Loss Reserves*	145,531	9.9	101,414	7.2	95,724	6.4
Net LAE Reserves	...	...	80,943	5.8	70,309	4.7
Total Net Loss and LAE Reserves	491,179	33.3	379,164	27.0	422,843	28.4
Net Unearned Premiums	304,826	20.7	249,066	17.8	222,668	14.9
Other Liabilities	67,323	4.6	100,021	7.1	73,184	4.9
<b>Total Liabilities</b>	<b>863,328</b>	<b>58.6</b>	<b>728,251</b>	<b>51.9</b>	<b>718,695</b>	<b>48.2</b>
Unassigned Surplus	608,996	41.3	673,751	48.0	770,501	51.7
Other Surplus	1,000	0.1	1,000	0.1	1,000	0.1
<b>Total Policyholders' Surplus</b>	<b>609,996</b>	<b>41.4</b>	<b>674,751</b>	<b>48.1</b>	<b>771,501</b>	<b>51.8</b>
<b>Total Liabilities and Surplus</b>	<b>1,473,324</b>	<b>100.0</b>	<b>1,403,002</b>	<b>100.0</b>	<b>1,490,196</b>	<b>100.0</b>

Source: BestLink® - Best's Financial Suite

\* Interim reserves balances include LAE.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

Visit <https://www.ambest.com/ratings/index.html> for additional information or <https://www.ambest.com/terms.html> for details on the Terms of Use. For current ratings visit [www.ambest.com/ratings](http://www.ambest.com/ratings)

**Copyright © 2023 A.M. Best Company, Inc. and/or its affiliates. All rights reserved.**

No portion of this content may be reproduced, distributed, or stored in a database or retrieval system, or transmitted in any form or by any means without the prior written permission of AM Best. While the content was obtained from sources believed to be reliable, its accuracy is not guaranteed. For additional details, refer to our Terms of Use available at AM Best website: [www.ambest.com/terms](http://www.ambest.com/terms).

