



Janet T. Mills
Governor

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
BUREAU OF INSURANCE

Timothy N. Schott
Acting Superintendent



Joan F. Cohen
Commissioner

April 30, 2026

Timothy N. Schott, Acting Superintendent
Maine Bureau of Insurance
34 State House Station
Augusta, ME 04333-0034

Dear Acting Superintendent:

Pursuant to the provisions of 24-A M.R.S. §221 and in conformity with your instructions, a financial examination has been made of the

STATE MUTUAL INSURANCE COMPANY

as of December 31, 2024. The following report is respectfully submitted.

Office Location: 76 Northern Avenue, Gardiner, Maine 04345
Mailing Address: 34 State House Station, Augusta, Maine 04333
www.maine.gov/pfr/insurance

Phone: (207) 624-8475

TTY: Please Call Maine Relay 711

Consumer Assistance: 1-800-300-5000

Fax: (207) 624-8599



**STATE OF MAINE
BUREAU OF INSURANCE**

REPORT OF FINANCIAL EXAMINATION

**STATE MUTUAL INSURANCE COMPANY
AUBURN, ME**

AS OF DECEMBER 31, 2024

NAIC COMPANY CODE: 16020

NAIC GROUP CODE: 0280

ACCEPTANCE OF REPORT OF EXAMINATION

WHEREAS a verified Report of Examination of State Mutual Insurance Company dated April 30, 2026, was delivered to that insurer on June 4, 2026; and

WHEREAS State Mutual Insurance Company and Bureau of Insurance staff have agreed to certain modifications with respect to the Report of Examination; and

WHEREAS I find such modifications proper; and

WHEREAS no hearing with respect to the Report of Examination has been requested by State Mutual Insurance Company;

NOW THEREFORE, I accept the Report of Examination and hereby order it placed on file in the Bureau of Insurance as provided for by 24-A M.R.S. §226 (3).

Dated: _____

6/12/2026



Timothy N. Schott, Acting Superintendent

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SCOPE OF EXAMINATION

State Mutual Insurance Company (the “Company” or “State Mutual”) was last examined as of December 31, 2019, by the State of Maine Bureau of Insurance (MBOI). This examination covered the period from January 1, 2020, to December 31, 2024.

This examination was performed pursuant to the risk-focused approach promulgated by the National Association of Insurance Commissioners (NAIC), in conformity with the 2025 NAIC Financial Condition Examiners Handbook (“the Handbook”) and the laws, rules, and regulations prescribed or permitted by the State of Maine. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks, and evaluate systems controls and procedures used to mitigate those risks. The examination also included the identification and evaluation of significant risks that could cause the Company’s surplus to be materially misstated both currently and prospectively. The external auditors’ work papers were utilized for this examination to the extent deemed appropriate to enhance the effectiveness and efficiency of this examination.

This examination was coordinated with the State of New Hampshire Insurance Department (NHID), which concurrently examined Concord General Mutual Insurance Company (Concord General), the Company’s affiliate through common management, and Sunapee Mutual Fire Insurance Company (SUN), both New Hampshire domestic insurance companies, and with the State of Vermont Department of Financial Regulation which concurrently examined Green Mountain Insurance Company (GM) and Vermont Accident Insurance Company (VA), both Vermont domestic insurance companies. These companies, along with State Mutual, are members of the Concord Group Insurance Companies (“Concord Group”). The NHID served as the lead state on the Concord Group examination.

The Concord Group examination was conducted as part of the coordinated examination of Auto-Owners Insurance Company (“Auto-Owners”) and its affiliates and subsidiaries, collectively known as the Auto-Owners Group. Auto-Owners, a Michigan domestic insurance company, is the ultimate parent of the Concord Group companies. The Michigan Department of Insurance and Financial Services (DIFS) led the Auto-Owners Group exam, and participating states included California, Delaware, Indiana, Maine, Nevada, New Hampshire, North Carolina, Ohio, and Vermont. The MBOI utilized the work of the NHID and DIFS to the extent deemed appropriate.

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. Comments on various financial statement items, for the purposes of this report, may be limited to examination adjustments, matters requiring clarification, departures from laws, rules and regulations, and/or significant changes in amounts. To the extent deemed necessary, transactions occurring subsequent to the examination date were reviewed.

This examination report includes significant findings of fact, pursuant to 24-A M.R.S. §225 (1), and general information about the Company and its financial condition. There may be other items

identified during the examination that, due to their nature, are not included herein, and are instead separately reported to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

PRIOR EXAMINATION

None noted.

CURRENT EXAMINATION COMMENTS

None noted.

THE COMPANY

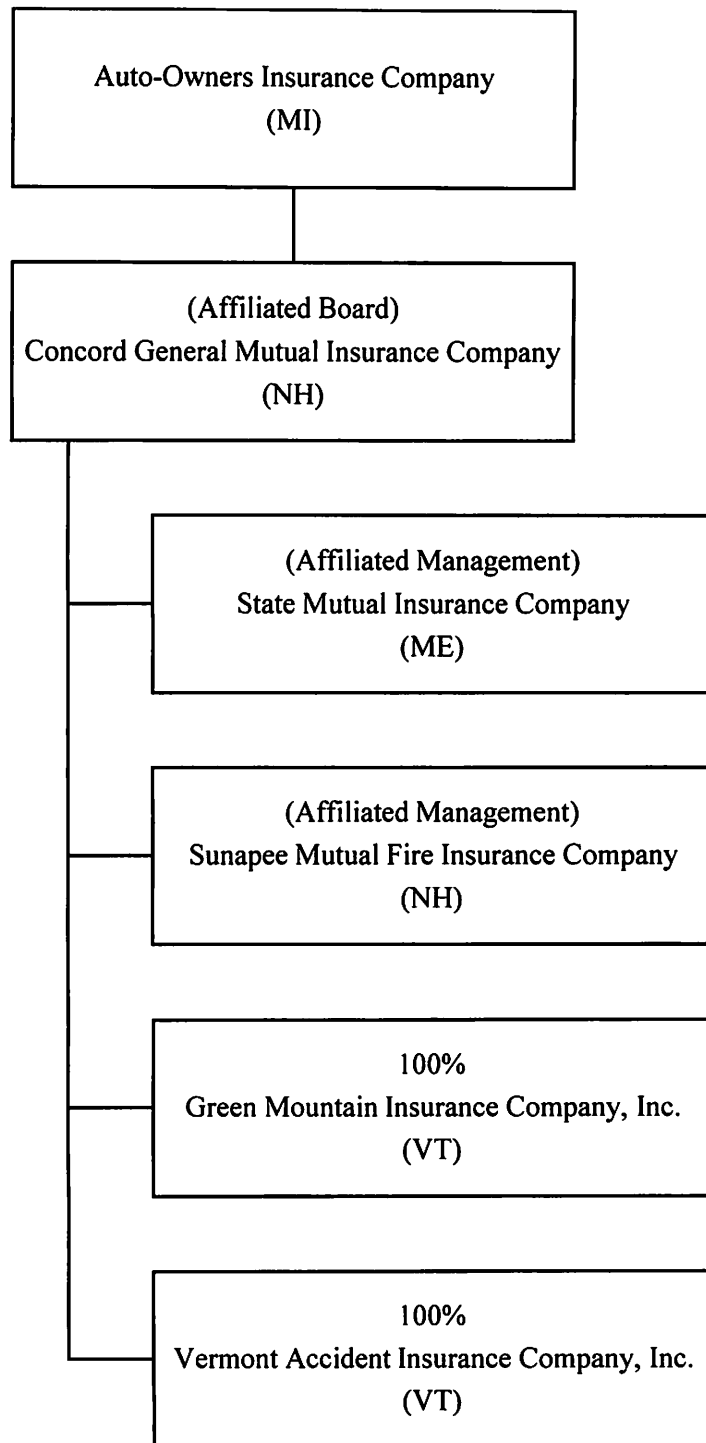
HISTORY

State Mutual was incorporated in Gorham, Maine on May 15, 1899, as the Dirigo Mutual Fire Insurance Company and subsequently moved to Portland, Maine. On July 1, 1934, State Mutual changed its name to State Mutual Fire Insurance Company. On November 16, 1964, management and control of State Mutual was acquired by Concord General Mutual. On January 19, 1965, State Mutual changed its name to State Mutual Insurance Company, and on July 1, 1965, the Company's statutory home office was moved to Auburn, Maine.

Effective April 1, 2017, Auto-Owners assumed control of the Concord Group and State Mutual through an Affiliation Agreement. The change of control was approved by both the MBOI and the NHID on March 28, 2017.

MANAGEMENT AND CONTROL

State Mutual is a mutual insurance company under the direct control of Concord General through common management, a reinsurance agreement under which 100% of the insurance liabilities are ceded to Concord General and 0% is assumed back by State Mutual, and a management services agreement under which Concord General provides administrative and management services to State Mutual. Auto-Owners controls Concord General and its affiliated insurance companies, including State Mutual, through an affiliation agreement with Concord General. An abbreviated organization chart as of December 31, 2024 follows:



CORPORATE RECORDS

The Company's articles of incorporation, bylaws, and minutes of the board of directors meetings held during the period under examination were reviewed.

CORPORATE GOVERNANCE

The Company is governed and overseen by its board of directors and management team.

As of December 31, 2024, the board of directors of the Company consisted of the following members:

<u>Name</u>	<u>Title</u>
Brandi Elizabeth Holly	Chair
Andrea Leigh Lindemeyer	Director
Daniel Lawrence McCabe*	Director
Michael Philip Nolin, Jr.	Director
Michael Wayne Percy	Director
Jamie Patrick Whisnant	Director
William Finch Woodbury	Director

As of December 31, 2024, the officers of the Company consisted of the following individuals:

<u>Name</u>	<u>Title</u>
Daniel Lawrence McCabe*	President & CEO
Michael Philip Nolin, Jr.	Sr. Vice President & COO
William Finch Woodbury	Corporate Secretary & Treasurer
Amy Marlene Kezar	Vice President
Michael Wayne Percy	Vice President

*Subsequent to December 31, 2024, Daniel Lawrence McCabe left the Company effective July 21, 2025. Effective September 1, 2025, Michael Philip Nolin, Jr. was elected President and CEO and Michael Wayne Percy was elected Sr. Vice President and Chief Operating Officer. Christopher J. Massey was elected as Director effective November 1, 2025.

TRANSACTIONS WITH AFFILIATES

The Company has an Insurance Management Agreement with Concord General, effective January 1, 2008. Under this agreement, Concord General provides management, accounting, claims, underwriting, administrative, and consulting services to the Company.

The Company is party to a Management Services Agreement with Auto-Owners, effective July 1, 2019, and amended January 1, 2020. Under this agreement, administrative and management services made available to the Company and its affiliates by Auto-Owners include executive administration, sales, policy underwriting, claim handling and settlement, actuarial, advertising, accounting, legal, tax matters, systems and programming, electronic data processing, investments, housing and all other essential general services.

The Company is also party to a Reinsurance Agreement with Concord General, effective January 1, 1997, and amended January 1, 2007. A description of the agreement can be found in the Reinsurance section of this report.

The Company is the debtor in a surplus note issued to Concord General on October 24, 2017, in exchange for cash. The principal amount of the surplus note is \$10.6 million, the interest rate is 2%, and the term of the note is 20 years. No part of the principal sum or interest shall be paid or payable except after prior written authorization by the Superintendent of the MBOI, approval of

such payment by State Mutual's Board of Directors, and State Mutual has adequate surplus earnings available for such payment. The Company made interest payments of \$212,000 in 2024 and \$1,148,333 in 2023 to Concord General.

TERRITORY & PLAN OF OPERATION

State Mutual is licensed to transact business in the states of Maine and Massachusetts. State Mutual primarily writes homeowners multiple peril coverage.

REINSURANCE

All policies of State Mutual are reinsured as written with Concord General under a written reinsurance agreement entered into on January 1, 1997, and amended January 1, 2007. Under this agreement, Concord General agrees to reinsure and assume, and State Mutual agrees to cede and transfer to Concord General, automatically from inception, all liabilities incurred under or in connection with all contracts and policies of insurance issued by State Mutual. State Mutual agrees to pay to Concord General all premiums on business written by State Mutual, and Concord General agrees to pay all losses, loss expenses, and other underwriting and administrative expenses. The conditions of the reinsurance shall, in all cases, be identical with the conditions of the original insurance.

FINANCIAL STATEMENTS

The Statement of Admitted Assets, Liabilities and Surplus, the Statement of Income, and the Statement of Capital and Surplus are as presented by management and audited by the Company's external auditors. These financial statements have not been audited by the MBOI and thus the MBOI does not express an opinion on the financial statements as a whole.

**STATEMENT OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
AS OF DECEMBER 31, 2024**

Assets

Bonds	\$ 12,743,728
Common stocks	1,566,579
Cash and cash equivalents	1,147,777
Other invested assets	103,455
Investment income due and accrued	<u>116,260</u>
Total assets	<u><u>\$ 15,677,798</u></u>

Liabilities

Current federal and foreign income taxes	\$ 45,152
Net deferred tax liability	176,387
Payable to parent, subsidiaries and affiliates	<u>174,962</u>
Total liabilities	<u><u>\$ 396,502</u></u>

Capital and Surplus

Surplus notes	\$ 10,600,000
Unassigned funds	<u>4,681,296</u>
Surplus as regards policyholders	<u>15,281,296</u>
Total liabilities, capital and surplus	<u><u>\$ 15,677,798</u></u>

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2024

Premiums earned	\$ -
Total underwriting deductions	-
Total underwriting gain (loss)	-
 Net investment income earned	 138,075
Net realized capital gains	<u>196,669</u>
Net investment gain	<u>334,744</u>
 Net loss from premiums charged off	 -
Finance and service charges	-
Total other income	-
 Net income before federal income taxes	 334,744
Federal income taxes incurred	<u>23,420</u>
Net income	<u><u>\$ 311,323</u></u>

**STATEMENT OF CAPITAL AND SURPLUS
YEAR ENDED DECEMBER 31, 2024**

Capital and surplus, December 31, 2023	\$ 14,957,066
Net income	311,323
Change in net unrealized capital gains	17,034
Change in net deferred income tax	<u>(4,127)</u>
Net change in surplus	<u>324,231</u>
Capital and surplus, December 31, 2024	<u><u>\$ 15,281,296</u></u>

COMMENTS ON THE FINANCIAL STATEMENTS

NOTE 1 – CAPITAL AND SURPLUS

The following table describes the capital and surplus changes for the five-year period since the MBOI's last examination of the Company, dated December 31, 2019:

Capital and surplus, December 31, 2019	\$ 14,083,012
Net income	1,374,930
Change in net unrealized capital gains or (losses), net of capital gains tax	(167,922)
Change in net deferred income tax	<u>(8,724)</u>
Capital and surplus, December 31, 2024	<u>\$ 15,281,296</u>

SUBSEQUENT EVENTS

In 2025 and 2026, the Company made annual interest payments of \$212,000 on its surplus note to Concord General.

SUMMARY OF RECOMMENDATIONS

There are no report level recommendations.

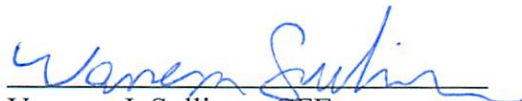
STATE OF MAINE
COUNTY OF KENNEBEC, SS

Vanessa J. Sullivan, being duly sworn according to law deposes and says that, in accordance with authority vested in her by Timothy N. Schott, Acting Superintendent of Insurance, pursuant to the Insurance Laws of the State of Maine, she has made an examination of the condition and affairs of the

STATE MUTUAL INSURANCE COMPANY

located in Auburn, Maine as of December 31, 2024, and that the foregoing report of examination subscribed to by her is true to the best of her knowledge and belief. The following examiners from the Bureau of Insurance assisted:

Arias Wan, CPA, CFE
Colin J. Greeley, AFE


Vanessa J. Sullivan, CFE

Subscribed and sworn to before me
This 12 day of June, 2026


Notary Public
My Commission Expires: _____
ME Bar # 010147