

REPORT ON EXAMINATION
OF THE
OTSEGO MUTUAL FIRE INSURANCE COMPANY
AS OF
DECEMBER 31, 2002

DATE OF REPORT
EXAMINER

January 26, 2004
GERARD L. FRANCO

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STATE OF NEW YORK
INSURANCE DEPARTMENT
ONE COMMERCE PLAZA
ALBANY, NEW YORK 12257

George E. Pataki
Governor

Gregory V. Serio
Superintendent

January 26, 2004

Honorable Gregory V. Serio
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 22092 dated September 29, 2003 attached hereto, I have made an examination into the condition and affairs of Otsego Mutual Fire Insurance Company as of December 31, 2002, and submit the following report thereon.

The examination was conducted at the Company's administrative offices located at 143 Arnold Road, Burlington Flats, New York 13315-0040.

Wherever the designations "the Company" or "OMFIC" appear herein without qualification, they should be understood to indicate the Otsego Mutual Fire Insurance Company.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York Insurance Department.

1. SCOPE OF EXAMINATION

The previous examination was conducted as of December 31, 1997. This examination covered the five year period from January 1, 1998 through December 31, 2002, and was limited in scope to these balance sheet items considered by this Department to require analysis, verification or description, including: invested assets, loss and loss adjustment expenses reserves and the provision for reinsurance. The examination included a review of income, disbursements and company records deemed necessary to accomplish such analysis and verification and utilized, to the extent considered appropriate, work performed by the Company's independent certified public accountants. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

A review was made to ascertain what action was taken by the Company with regard to comments and recommendations contained in the prior report on examination.

2. DESCRIPTION OF COMPANY

The Company was organized on 1896 as the Otsego Mutual Fire Insurance Company of Otsego County, for the purpose of transacting business as a cooperative fire insurance corporation in Otsego County in New York State. On December 27, 1910, a certificate was issued under the provisions of the New York Insurance Law, authorizing the Company to continue the transaction of business on the advance premium plan in ten counties of New York State.

Subsequently, the Company's charter was again amended to provide for the transaction of business within the entire State of New York, and, wherever authorized by law, any other states, territories and possessions of the United States of America and the District of Columbia.

On November 27, 1939, the Company was authorized to issue non-assessable policies.

On February 19, 1957, a certificate was issued by this Department which authorized the Company to change its corporate title to the Otsego Mutual Fire Insurance Company.

A. Management

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of eleven members. As of the examination date, the board of directors was comprised of eleven members, divided into three groups as nearly equal as possible, with one group being elected at each annual policyholders' meeting for a term of three years.

Every person insured by the Company is entitled to one vote in person and may vote by proxy. The annual meeting of the board of directors is held immediately after the annual meeting of the Company. Two board meetings and two executive committee meetings were held each year of the examination period, thereby complying with Section 6624 (b) of the New York Insurance Law.

The directors as of December 31, 2002, were as follows:

<u>Director</u>	<u>Principal Business Affiliation</u>
Farron P. Benjamin West Edmeston, NY	Retired carpenter
John A. Blackman Edmeston, NY	Retired minister
Deanne P. Burke New Hartford, NY	Retired and Vice President, Otsego Mutual Fire Insurance Company
Denise J. Clark Homer, NY	Cornell University - Director, Office of Sponsored Programs
Kelley Burke Cough Sauquoit, NY	President, Otsego Mutual Fire Insurance Company

<u>Director</u>	<u>Principal Business Affiliation</u>
Terry M. Gras West Winfield, NY	Secretary, Otsego Mutual Fire Insurance Company
Dion A. Howard Edmeston, NY	Owner, Howard's Sales
Timothy R. Johnson Edmeston, NY	Attorney
Robert A. Payne Utica, NY	Owner, U.S. Materials Handling Corporation
Francis K. Peo West Winfield, NY	Retired, U.S. Marshall
David R. Ward Norwich, NY	Treasurer, Otsego Mutual Fire Insurance Company

The minutes of all meetings of the Board of Directors' and committees thereof held during the examination period were reviewed. The average attendance by the board of directors during the examination period was approximately 98%, with each individual directors' attendance being adequate at these meetings.

Each of the directors' qualifications, as set forth in Article II Section 1 of the Company's by-laws, were reviewed, and each director is duly qualified.

At December 31, 2002, the officers of the Company were as follows:

President	Kelley Burke Cough
Vice President	Deanne P. Burke
Secretary	Terry M. Gras
Assistant Secretary	June M. Carey
Treasurer	David R. Ward

B. Territory and Plan of Operation

At December 31, 2002, the Company was licensed to write business in New York only.

As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
4	Fire
5	Miscellaneous property damage
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
12	Collision
13	Personal injury liability
14	Property damage liability
19	Motor vehicle and aircraft physical damage(excluding aircraft physical damage)
20	Marine and inland marine (inland marine only)

The following schedule shows the direct premiums written by the Company for the period under examination.

<u>Calendar Year</u>	<u>Direct Premiums Written(000's)</u>
1998	\$13,331
1999	\$13,077
2000	\$13,164
2001	\$13,477
2002	\$13,968

Based on the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 66 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$451,194.

The Company underwrites predominantly homeowners multiple peril and fire lines of business, which accounted for 86% and 5%, respectively, of the 2002 net premium writings. Eight percent (8%) of the Company's business is on a direct bill basis, with insurance being

written by approximately 80 independent agents located throughout the Company's territory. All policies presently being issued and those in force are non-assessable and OMFIC has met the requirements of Section 6620 of the New York Insurance Law for the issuance of same.

C. Reinsurance

Assumed

The Company assumes a very minor volume of business as compared to its direct writings. The assumptions reflect the Company's participation in a catastrophe pool, which the Company entered into in the year 2002.

Ceded

The Schedule F data as contained in the Company's filed annual statement was found to accurately reflect its reinsurance transactions.

The examiner reviewed all ceded reinsurance contracts in effect at December 31, 2002. The contracts all contained the required standard clauses including insolvency clauses meeting the requirements of Section 1308 of the New York Insurance Law.

The Company had the following general property per risk and casualty excess of loss reinsurance program in effect at December 31, 2002:

Property	\$440,000 x/s \$60,000 as respects any one risk, each loss occurrence, reinsurer's liability not to exceed \$1,320,000 as respects any one loss occurrence
Casualty (2 layers)	\$940,000 x/s \$60,000 as respects any one loss occurrence

The Company had the following all lines quota share reinsurance program in effect at December 31, 2002:

Property and Casualty	50% of business covered by this agreement after deducting all other reinsurance, subject to a maximum loss of \$30,000 each and every loss
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The Company had the following facultative (property first surplus) reinsurance program in effect at December 31, 2002:

Property	Pro rata to participation in any one risk, subject to a maximum cession of \$300,000 on any one risk
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The Company had the following catastrophe excess of loss reinsurance program in effect at December 31, 2002:

Property catastrophe (4 layers)	95% of \$750,000 x/s \$750,000 ultimate net loss as respects any one loss occurrence, not to exceed \$1,425,000 with respect to all occurrences during each contract year
	95% of \$2,000,000 x/s \$1,500,000 ultimate net loss as respects any one loss occurrence, not to exceed \$3,800,000 with respect to all occurrences during each contract year
	95% of \$4,000,000 x/s \$3,500,000 ultimate net loss as respects any one loss occurrence, not to exceed \$7,600,000 with respect to all occurrences during each contract year
	100% of \$7,500,000 x/s \$7,500,000 ultimate net loss as respects any one loss occurrence, not to exceed \$15,000,000 with respect to all occurrences during each contract year

Section 1308(e)(1)(A) of the New York Insurance Law states, that “During any period of twelve consecutive months, without the superintendent’s permission: no domestic insurer, except life, shall by any reinsurance agreement or agreements cede an amount of its insurance on which total gross reinsurance premiums are more than fifty percent of the unearned premiums on the net amount of its insurance in force at the beginning of such period...”

The Department had not previously granted approval during the examination period for the Company to cede an amount in excess of the 50% limitation prescribed by Section 1308(e)(1)(A) of the New York Insurance Law. During the period covered by this examination, the Company failed to submit to the Department for review, various reinsurance agreements, and

subsequent amendments to the reinsurance agreements as required by Section 1308(e)(1)(A) of the Insurance Law.

Therefore, it is recommended that the Company comply with the requirements of Section 1308(e)(1)(A) of the New York Insurance Law and henceforth, submit any new reinsurance agreements and any subsequent amendments to the reinsurance agreements to the Department.

Unauthorized Reinsurance

All of the reinsurance contracts reviewed were reinsured by both authorized and unauthorized reinsurers. The amounts of reinsurance held by the unauthorized reinsurers represent 20% of the total ceded premiums. The letter of credit obtained by the Company in order to take credit for cessions made to unauthorized reinsurers was reviewed for compliance with Department Regulations 114 and 133, respectively. No exceptions were noted.

The Company's ultimate net retention for both its property and casualty business has not changed for the past two examinations.

D. Holding Company System

The Company was not a member of any holding company system as of December 31, 2002. Furthermore, the Company had no affiliations or pooling agreements, except for that stated in Section C of this report, in force at December 31, 2002.

E. Abandoned Property Law

Section 1316 of the New York State Abandoned Property Law provides that amounts payable to a resident of this state from a policy of insurance, if unclaimed for three years, shall have been deemed to be abandoned property. Such abandoned property shall be reported to the comptroller on or before the first day of April each year. Such filing is required of all insurers regardless of whether or not they have any abandoned property to report.

The Company's abandoned property reports for the period of this examination were all filed on a timely basis pursuant to the provisions of Section 1316 of the New York State Abandoned Property Law.

F. Significant Operating Ratios

The following ratios have been computed as of December 31, 2002, based upon the results of this examination:

Net premiums written to Surplus as regards policyholders	8%
Liabilities to liquid assets(cash and invested assets less investments in affiliates)	17%
Premiums in course of collection to Surplus as regards policyholders	6%

All of the above ratios fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners.

The underwriting ratios presented below are on an earned/incurred basis and encompass the five-year period covered by this examination:

	<u>Amounts</u>	<u>Ratios</u>
Losses and loss adjustment expenses incurred	\$ 12,756,709	65.84%
Other underwriting expenses incurred	404,386	2.09%
Net underwriting loss	<u>6,213,628</u>	<u>32.07%</u>
Premiums earned	<u>\$ 19,374,723</u>	<u>100.00%</u>

G. Directors and Officers Liability Policy

Regulation 110 (NYCCR Part 72.4) specifies the retention amount and a coinsurance percentage that each insurer is to hold on a Directors and Officers Liability Policy. After a review, it was revealed that the retention on the Company's Directors and Officers Liability policy was the required minimum of \$50,000. However, the policy did not include a

coinsurance clause containing the minimum coinsurance percentage of 0.5% as required by Regulation 110 for a Company of this size. Therefore, it is recommended that the Company comply with Regulation 110 (NYCRR Part 72.4) and include a coinsurance clause on its Directors and Officers policy with a minimum coinsurance percentage of 0.5%.

H. Accounts and Records

i. Custodial Agreement

As indicated in the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook there are specific guidelines that should be followed in the maintenance of a custodial or safekeeping agreement. After a review of the Company's current custodial agreement several provisions and safeguards required by the NAIC, reinforced by the Department's Circular Letter No. 2 of 1977 were not included in the agreement. Therefore, it is recommended that the Company comply with NAIC requirements, reinforced by Circular Letter No. 2 of 1977, and obtain a custodial agreement that includes the requirements specified by the NAIC and New York Insurance Department.

It is noted that prior to the completion of the field examination the Company executed a new custodial agreement that was in compliance with the NAIC guidelines.

ii. Approval of Investments

A review of the Board Minutes relating to investment buys and sells reported on the 2002 filed annual statement shows that the board of directors approves the Company's investments both before and sometimes after the transaction has been completed. However, the Company also invests its excess funds, on a short term basis, but no board of director approvals were noted in the minutes for these short-term investments. Section 1411(a) of the New York Insurance Law, which states, in part that "No domestic insurer shall make any loan or

investment unless authorized or approved by its board of directors or a committee thereof responsible for supervising or making such investment or loan. The committee's minutes shall be recorded and a report submitted to the board of directors at its next meeting." The Company is not in full compliance with Section 1411(a), by not having short-term investments approved by the board of directors. Therefore, it is recommended that the Company be in full compliance with the requirements of Section 1411(a) of the New York Insurance Law by having the approval of all purchase and sales of short-term investments entered into the board minutes through a written statement, thus ensuring that all investments are authorized or approved by its board of directors or a committee thereof responsible for supervising or making such investments.

iii. Bond Amortization

Following a discussion with Company personnel it was learned that the Company uses the straight line method of bond amortization in the preparation of the annual statement Schedule D Part 1. Paragraph 6 of the Statement of Statutory Accounting Principles (SSAP) No. 26 requires the use of the scientific or constant yield method in the calculation of the bond amortization. It is recommended that the Company comply with the requirements of SSAP No. 26, paragraph 6 and calculate amortization of bond premium or discount using the scientific (constant yield) method, and bonds containing call provisions should be amortized to the call or maturity date whichever produces the lowest asset value.

iv. Real Estate Appraisal

During the course of the examination it was revealed that the Company's home office was last appraised August 8, 1979. As required by paragraph 12 of SSAP 40 the Company should maintain an appraisal that is no more than five years old to determine a fair value of real estate. Therefore, the Company should comply with the requirements of SSAP 40 Paragraph 12 and determine fair value of real estate investments using appraisals that are no more than five years old.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as determined by this examination as of December 31, 2002. This statement is the same as the balance sheet filed by the Company.

	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 19,707,352	\$-0-	\$ 19,707,352
Preferred stocks	3,775,960	-0-	3,775,960
Common stocks	21,803,377	-0-	21,803,377
Mortgage loans on real estate	253,851	-0-	253,851
Real estate	145,619	-0-	145,619
Cash and short-term investments	5,196,496	-0-	5,196,496
Premiums and agents' balances in course of collection	2,812,034	33,738	2,778,296
Premiums, agents' balances and installments booked but deferred and not yet due	11,262	241	11,021
Reinsurance recoverables on loss and loss adjustment expense payments	106,730	-0-	106,730
Federal and foreign income tax Recoverable	318,267	-0-	318,267
Interest, dividends and real estate income due and accrued	314,366	-0-	314,366
Equities and deposits in pools and associations	286,537	246	286,291
Other assets non admitted	185,248	185,248	-0-
Aggregate write-ins for other than invested assets	<u>1,275,790</u>	<u>-0-</u>	<u>1,275,790</u>
 Total Assets	 <u>\$ 56,192,889</u>	 <u>\$ 219,473</u>	 <u>\$ 55,973,416</u>

Liabilities, surplus and other funds

Losses and loss adjustment expenses		\$3,760,625
Commissions payable, contingent commissions and other similar charges		173,639
Other expenses (excluding taxes, licenses and fees)		182,959
Taxes, licenses and fees (excluding federal and foreign income taxes)		30,325
Federal and foreign income taxes		914,641
Unearned premiums		2,355,902
Ceded reinsurance premiums payable (net of ceding commissions)		1,098,559
Amounts withheld or retained by company for account of others		19
Aggregate write-ins for liabilities		<u>20,354</u>
Total liabilities		\$ 8,537,023
Aggregate write-ins for special surplus funds	\$ 451,194	
Unassigned funds (surplus)	<u>46,985,199</u>	
Surplus as regards policyholders		<u>47,436,393</u>
Total liabilities, surplus and other funds		<u>\$ 55,973,416</u>

Note: The Internal Revenue Service (IRS) has not performed any audits of the Company's federal income tax returns for the examination period. However, the IRS did perform an audit of the Company's pension and 401(k) plans during the examination period. In both instances the IRS found no objections. The examiner is unaware of any potential exposure of the Company to any tax assessment and no liability has been established herein relative to such contingency.

B. Underwriting and Investment Exhibit

Surplus as regards policyholders increased \$9,995,436 during the five-year examination period January 1, 1998 through December 31, 2002, detailed as follows:

Underwriting Income

Premiums earned		\$19,374,723
Losses and loss adjustment expenses incurred	\$12,756,709	
Other underwriting expenses incurred	<u>404,386</u>	
Total underwriting deductions		<u>13,161,095</u>
Net underwriting gain or (loss)		\$6,213,628

Investment Income

Net investment income earned	\$7,219,011	
Net realized capital gain	<u>1,170,392</u>	
Net investment gain or (loss)		8,389,403

Other Income

Net gain or (loss) from agents' or premium balances charged off	\$(151,920)	
Finance and service charges not included in premiums	22,969	
Aggregate write-ins for miscellaneous income	<u>271,765</u>	
Total other income		<u>142,814</u>
Net income after dividends to policyholders but before federal and foreign income taxes		\$14,745,845
Federal and foreign income taxes incurred		<u>3,589,021</u>
Net income		<u>\$11,156,824</u>

C. Capital and Surplus Account

Surplus as regards policyholders per report on examination as of December 31, 1997			\$37,440,957
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$11,156,824	\$ -0-	
Net unrealized capital gains or (losses)	-0-	1,691,272	
Change in net deferred income tax	299,760	-0-	
Change in nonadmitted assets	263,814	-0-	
Aggregate write-ins for gains and losses in surplus	<u>-0-</u>	<u>33,690</u>	
Net increase (decrease) in surplus			<u>\$ 9,995,436</u>
Surplus as regards policyholders per report on Examination as of December 31, 2002			<u>\$47,436,393</u>

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$3,760,625 is the same as reported by the Company as of December 31, 2002. The examination analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Companies internal records and in its filed annual statements.

The Company's actuarial opinion and report, as well as Company's CPA workpapers, were reviewed and utilized in the determination of an appropriate reserve for the Company's unpaid losses and loss adjustment expenses.

5. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The review was general in nature and is not to be construed to encompass the more precise scope of a market conduct investigation.

The general review was directed at practices of the Company in the following areas:

- A. Sales and advertising
- B. Underwriting
- C. Rating
- D. Claims and complaint handling

A review of Company agent terminations was performed to confirm compliance with the requirements of Regulation 90 (NYCRR Part 218.4). Upon completion of this review it was discovered that the Company was not giving a specific reason for termination, as required by Part 218.4(a), and did not give proper notice in accordance with Part 218.5. Part 218.5 ensures that the redlining notice is prominently set out in boldface type on the front of the termination letter sent agents. Therefore, it is recommended that the Company comply with all the requirements of Regulation 90 (NYCRR Parts 218.4(a) and 218.5) and give a specific reason of termination to the agent and make sure the redlining notice is prominently set out in boldface type on the front of the termination letter sent agent as required by Part 218.5.

Cancellations were reviewed for Company compliance with Section 3425(d)(1) of the New York Insurance Law. It was found in several instances that only general reasons, such as “excessive amount of insurance” and “loss experience”, were given for the cancellation. The above mentioned reasons are too broad in nature and do not comply with the specificity required by the above-cited law. Therefore, it is recommended that the Company comply with Section

3425(d)(1) of the New York Insurance Law and give a more detailed description of the reason for the cancellation.

In the review of the Company's internet site it was observed that it included incorrect financial information. It is recommended that the Company comply with New York Insurance Law Section 1313(a) henceforth and ensure that advertised financial information corresponds with its last verified statement (annual or quarterly, at its option) made with the Superintendent.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained one recommendation as follows (page numbers refer to the prior report):

<u>ITEM</u>	<u>PAGE NO.</u>
A. It is recommended that the Company comply with the annual statement instructions and list all of its officers on future financial statements submitted to this Department.	8
The Company has complied with this recommendation.	
B. It is recommended that the Company comply with the annual statement instructions and correctly report its current and installment premiums in the course of collection on lines 10.1 and 10.2 of page 2 of future financial statements.	8-9
The Company has complied with this recommendation.	
C. It is recommended that the Company charge itself a rent that more closely represents the realistic cost of occupying its own building, and that produces an investment gain.	9
The Company has complied with this recommendation.	
D. It is recommended that the Company increase its fidelity insurance to a minimum of \$300,000. A similar recommendation was made in the previous report on examination.	9
The Company has complied with this recommendation.	

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
<u>A. Reinsurance</u>	
It is recommended that the Company comply with the requirements of Section 1308(e)(1)(A) of the New York Insurance Law and henceforth, submit any new reinsurance agreements and any subsequent amendments to the reinsurance agreements to the Department.	8
 <u>B. Directors and Officers Liability Policy</u>	
It is recommended that the Company comply with Regulation 110 (NYCRR Part 72.4) and include a coinsurance clause on its Directors and Officers policy with a minimum coinsurance percentage of 0.5%.	10
 <u>C. Accounts and Records</u>	
i. It is recommended that the Company comply with NAIC requirements, reinforced by Circular Letter No. 2 of 1977 and obtain a custodial agreement that includes the requirement specified by the NAIC and New York Insurance Department.	10
ii. It is recommended that the Company be in full compliance with the requirements of Section 1411(a) of the New York Insurance Law by having the approval of all purchase and sales of short-term investments entered into the board minutes through a written statement, thus ensuring that all investments are authorized or approved by its board of directors or a committee thereof responsible for supervising or making such investments.	11
iii. It is recommended that the Company comply with the requirements of SSAP No. 26, paragraph 6 and calculate amortization of bond premium or discount using the scientific (constant yield) method and with bonds containing call provisions should be amortized to the call or maturity date which produces the lowest asset value.	11
iv. The Company should comply with the requirements of SSAP 40 Paragraph 12 and determine fair value of real estate investments using appraisals that are no more than five years old.	12

D. Market Conduct Activities

- i. It is recommended that the Company comply with all the requirements of Regulation 90 (NYCRR Parts 218.4(a) and 218.5) and give a specific reason of termination to the agent and make sure the redlining notice is prominently set out in boldface type on the front of the termination letter sent agents as required by Part 218.5. 17
- ii. It is recommended that the Company comply with Section 3425(d)(1) of the New York Insurance Law and give a more detailed description of the reason for the cancellation. 17-18
- iii. It is recommended that the Company comply with New York Insurance Law Section 1313(a) henceforth and ensure that advertised financial information corresponds with its last verified statement (annual or quarterly, at its option) made with the Superintendent. 18

Respectfully submitted,

Gerard Franco
Gerard Franco
Associate Insurance Examiner

STATE OF NEW YORK)
)SS:
)
COUNTY OF NEW YORK)

Gerard Franco, being duly sworn, deposes and says that the foregoing report, subscribed by him,
is true to the best of his knowledge and belief.

Gerard Franco
Gerard Franco

Subscribed and sworn to before me
this 5TH day of MARCH, 2004

DIANNE M. BURKE
Notary Public, State of New York
Qualified in Albany County
No. 013U5076509
Commission Expires April 21, 2007

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, GREGORY V. SERIO , Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Gerard Franco

as proper person to examine into the affairs of the

Otsego Mutual Fire Insurance Company

and to make a report to me in writing of the condition of the said

Company

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by the name and affixed the official Seal of this Department, at the City of Albany,

this 29th day of September, 2003





GREGORY V. SERIO
Superintendent of Insurance