REPORT ON EXAMINATION

OF THE

COMMUNITY MUTUAL INSURANCE COMPANY

AS OF

DECEMBER 31, 2003

DATE OF REPORT:	SEPTEMBER 30, 2004
EXAMINER:	NYANTAKYI AKUOKO

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

George E. Pataki
Governor

Gregory V. Serio
Superintendent

September 30, 2004

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

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 22160 dated April 1, 2004, attached hereto, I have made an examination into the condition and affairs of the Community Mutual Insurance Company as of December 31, 2003 and submit the following report thereon.

The examination was conducted at the Company's home office located at 1610 Columbia Turnpike, Schodack, New York 12063.

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

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1. SCOPE OF EXAMINATION

The previous examination was conducted as of December 31, 1998. This examination covered the five-year period from January 1, 1999 through December 31, 2003. The examination was limited in scope to a review or audit of those balance sheet items considered by this Department to require analysis, verification or description, including: invested assets, inter-company balances, loss and loss adjustment expense reserves and the provision for reinsurance. The examination included a review of income, disbursements, and company records deemed necessary to accomplish such analysis or verification and utilized to the extent considered appropriate, work performed by the Company's independent public accountants.

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

An organizational meeting of the Bethlehem Mutual Insurance Association was held in 1854. The Company was incorporated on April 9, 1875 for the purpose of transacting business as an assessment co-operative fire insurance company in the Town of Bethlehem, Albany County, New York.

The Bethlehem Mutual Insurance Association and the New Scotland Mutual Insurance Company merged effective August 31, 1962. The surviving company was known as the Bethlehem and New Scotland Mutual Insurance Company. On December 1, 1992, a merger was effected with the Co-operative Fire Insurance Corporation of Bergholz, New York with the Bethlehem and New Scotland Mutual Insurance Company continuing as the succeeding company.

Effective January 1, 1993, the Bethlehem and New Scotland Mutual Insurance Company converted to an advance premium co-operative property/casualty insurance company and changed its name to Community Mutual 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 not less than nine nor more than eighteen members. As of the examination date, the board of directors was comprised of eleven members. The board met, at least, four times in each calendar year in compliance of Section 6624(b) of the New York Insurance Law ("NYIL"). The directors as of December 31, 2003 were as follows:

Director's Name and Residence	Principal Business Affiliation
Marylu Aucompaugh Berne, NY	Employee of Clickman Agency, Inc.
Douglas G. Baldery Averill Park, NY	Retired College Professor
Robert F. Carpenter, Jr. Sand Lake, NY	President/Treasurer of CMIC
Mona S. DeMay Sand Lake, NY	Retired State employee
James E. Gardner Altamont, NY	Editor, Altamont Enterprise
Frederick Gleason Rensselaer, NY	Retired Key Bank employee
Joan M. Gross Sand Lake, NY	Retired Key Bank employee

Director's Name and Residence	Principal Business Affiliation
Kenneth H. Herrington Troy, NY	Farmer & Rensselaer County Legislator
George C. Miller Albany, NY	Retired Farmer
Hormer L. Warner Voorheesville, NY	Retired Salesman; Vice President of CMIC
Thomas A. White East Greenbush, NY	Executive Vice President, CMIC

The minutes of all meetings of the Board of Directors held during the examination period were reviewed. The average attendance by the board of directors during the examination period was approximately 95%. The Company did not keep records of the proceedings of the Executive and Finance Committee meetings; therefore the examiner could not review the minutes of these meetings. Section 6611(a)(3) of the NYIL provides that the secretary shall maintain a minute book recording the proceedings of all meetings of the corporation, its directors and the principal committees thereof.

Therefore, it is recommended that the Company comply with Section 6611(a)(3) of the NYIL and maintain a minute book recording the proceedings of the Executive and Finance Committees.

During the examination review of the minutes, it was noted that the board of directors had, in a resolution at its December 14, 1999 meeting, amended Article IV of the Company's by-law thereby effecting a change in the composition of the Executive Committee membership from six to five without the approval of the Superintendent. Section 1209(d) of the New York Insurance Law states that, "No by-law or amendment or repeal of a by-law of any domestic mutual insurance corporation shall be effective until approved by the Superintendent." Article VIII of the Company's by-law emphasizes Section 1209(d) of the NYIL. Therefore, it is recommended that the Company comply with Section 1209(d) of the NYIL and Article VIII of its by-law and obtain the approval of the Superintendent of Insurance before implementing any amendment of its by-laws.

Each of the directors' qualifications, as set forth in Article III Section I of the Company's by-laws, were reviewed and each director was found to be duly qualified.

The following is a list of the Company's officers, as of December 31, 2003:

President/Treasurer	Robert F. Carpenter, Jr.
Executive Vice President	Thomas A. White
Vice President	Homer L. Warner
Secretary	Nancy M. Grignon

B. Territory and Plan of Operation

The Company is licensed to transact business within the entire State of New York. The following schedule represents the direct premiums written by year:

Calendar Year	Direct Premiums Written(000)
1999	$2,607
2000	3,000
2001	3,649
2002	4,293
2003	4,909

As of the examination date the Company was authorized to transact the kinds of insurance defined in the following numbered paragraphs of Section 1113(a) of the NYIL:

Paragraph	Kind of Business
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
12	Collision
13	Personal injury liability
14	Property damage liability
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine (inland marine only)

Based upon the lines of business for which the company is licensed and pursuant to the requirements of Article 13 and 66 of the NYIL, the Company is required to maintain minimum capital investments in the amount of $800,000. However, as of December 31, 2003, the Company's investments that qualified for minimum capital investments were $181,700 less than the required amount. Therefore, it is recommended that the Company comply with Section 6623(b)(2) of the NYIL and invest in additional securities that qualify as minimum capital investments.

The Company underwrites predominantly commercial multi-peril and homeowners/farmowners multi-peril insurance, mainly through independent agents.

C. Reinsurance

The Company reported no assumed reinsurance premiums during the examination period.

The Schedule F as contained in the Company's annual statement filed for the years within the examination period was found to accurately reflect its reinsurance transactions. During the review, it was noted that the contracts in force as of the examination years, as well as other addenda to the original contracts were not in the possession of the Company. Instead, the

Company had in its possession, memoranda of understanding highlighting some amendments in the original contracts. 11 NYCRR 125.2 (Regulation 20) states in part that if credit is to be given the ceding insurer for any such reinsurance, the reinsurance agreements and the supplemental contract must be in the possession of the ceding insurer.

The Company later took possession of all reinsurance agreements, nevertheless, it is recommended that the Company comply with 11 NYCRR 125.2 (Regulation 20) and have in its possession all in-force reinsurance agreements and supplemental contracts.

Also, the Company failed to submit to the Department for review reinsurance agreements and amendments hereto, as required by Section 1308(e)(1)(A) of the NYIL. Section 1308(e)(1)(A) of the New York Insurance Law states, "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 the total reinsurance premiums are more than fifty percent of the unearned premiums on the net amount of the insurance in force at beginning of such period."

Therefore, it is recommended that the Company comply with Section 1308(e)(1)(A) of the New York Insurance Law.

As of December 31, 2003, the Company had the following property and casualty excess of loss reinsurance program in place:

Property 2 layers	$700,000 in excess of $50,000 each risk, each occurrence, not exceeding $300,000 any one occurrence on the first layer and not exceeding $1,200,000 any one occurrence on the second layer
Casualty 2 layers	$460,000 in excess of $40,000 any one occurrence
Casualty Clash	$500,000 in excess of $500,000 in any one occurrence

Both the property and casualty programs are subject to quota share component. The property program is subject to a quota share cession of 50% of the net retained liability on the first $50,000 per loss and the casualty program is subject to a quota share cession of 50% of the net retained liability of the first $40,000 per loss.

As of December 31, 2003, the Company also maintained catastrophe excess of loss coverage on a per occurrence basis:

Property 3 layers	95% of $1,950,000 in excess of $50,000.

The Company also had the following aggregate excess of loss reinsurance coverage in place as of December 31, 2003:

Property and Casualty	95% of $500,000 of net losses occurring during the term of the contract in excess of 75% of net premium earned.

As of December 31, 2003, the Company had property pro rata facultative reinsurance coverage providing for a cession of ten times the Company's net retention per risk not to exceed $500,000 per risk and not to exceed $1,000,000 per occurrence.

The Company ceded to authorized reinsurers during the period under examination. Since the date of the prior examination, December 31, 1998, the Company's net retention after quota share reinsurance, increased from $15,000 to $25,000 on property business and on its casualty business, the Company's net retention increased from $10,000 to $20,000. The Company's property quota share percentage remained at 50% since the prior examination.

D. Holding Company System

As of December 31, 2003, the Company had a wholly owned subsidiary, Community Agency, Inc. For each of the years covered by the examination, the Company provided various services for its affiliate without filing a service allocation agreement with the Department in fulfillment of the 11 NYCRR 81-1.2 (Regulation 53) requirements. Furthermore, in allocating expenses between it and its subsidiary, the Company used a method that completely departed from the requirements of 11 NYCRR 109 (Regulation 30). Therefore, it is recommended that the Company comply with 11 NYCRR 81-1.2 (Regulation 53) and file the necessary Regulation 53 requirements with the Department. Also it is recommended that the Company allocate expenses between it and its subsidiary using a method that will comply with 11 NYCRR 109 (Regulation 30).

E. Significant Operating Ratios

The following ratios have been computed, as of December 31, 2003, based upon the results of this examination:

Net premiums written in 2003 to surplus as Regards policyholders	1.07 to 1
Liabilities to liquid assets	66%
Premiums in course of collection (net of ceded Balance payable) to surplus as regards policyholders	3.4%
Surplus aid to policyholders surplus	31.8%
Two-year operating ratio	100%
Investment yield	2.0%

Three of the above ratios namely, Surplus aid to policyholders, Two-year operating, and Investment yield ratios do not fall within the acceptable ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners.

The Surplus aid to policyholders' surplus ratio, the Two-year operating ratio and the Investment ratio were beyond the benchmark range before any examination change. The Company has continuously failed the surplus aid to policyholders' surplus ratio since 1999.

The underwriting ratios presented below are on an earned-incurred basis and encompass the five-year period from January 1, 1999 to December 31, 2003:

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$ 3,765,365	68.31%
Other underwriting expenses incurred	1,594,849	28.93%
Net underwriting gain(loss)	151,963	2.76%
Premiums earned	$ 5,512,177	100.00%

F. Abandoned Property

A review was made of the information included in the Company's reports of abandoned property to the Office of the Comptroller of the State of New York, during the period under examination. It was noted that the Company made the required filings for all the years under examination, pursuant to Section 1316 of the New York Abandoned Property Law.

G. Accounts and Records

i. Custodial Agreements

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, it was noted that several provisions and safeguards suggested by the NAIC and reinforced by the Department's Circular Letter No. 13 (1996) were not found in the agreement. Therefore, it is recommended that the Company comply with NAIC suggestions, reinforced by Circular Letter No. 13(1996) and obtain a custodial agreement that includes the suggestions specified by the NAIC and the New York Insurance Department.

ii. Offsetting and Netting of Assets and Liabilities

The Company did not set up a liability for commissions payable to its agents on premiums receivables as of December 31, 2003. Instead, the Company netted the commissions against the receivables. The NAIC Statement of Statutory Accounting Principles Manual ("SSAP") No. 64 requires that assets and liabilities shall be offset and reported net only when the right of offset exists. The Manual lists four conditions under which the right of offset can be implemented. Since the Company directly bills its policyholders and the agency contracts makes no mention of offsetting premiums against commissions, no right of offset existed, thus the Company was not in compliance with SSAP No. 64. Therefore, it is recommended that the Company comply with SSAP No. 64 and set up a separate liability for commissions payable.

iii. Non-compliance with the Annual statement instructions

During the review of the reinsurance contracts, the examiner compared the Company's response to the Annual Statement Property and Casualty General Interrogatories No.13.1 with the net retention as per its reinsurance contract. It was determined that the information presented by the Company was inaccurate, thus not complying with the annual statement instructions. Therefore, it is recommended that the Company accurately respond to the annual statement General Interrogatory regarding the largest net aggregate amount insured in any one risk in all future statements filed with this Department.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the Company's assets, liabilities and surplus as regards policyholders as determined by this examination as of December 31, 2003:

	Examination			Company	
Assets	Assets	Non-admitted Assets	Net admitted Assets	Net admitted Assets	Surplus Increase (Decrease)
Bonds	$ 1,518,758	$(100,000)	$1,618,758	$1,518,758	$100,000
Stocks	28,141	-0-	28,141	28,141	-0-
Real Estate	71,494	3,174	68,320	71,494	(3,174)
Cash on hand and on deposit	608,245	490,186	118,059	608,245	(490,186)
Short Term Investment	-0-	(305,675)	305,676	-0-	305,676
Investment income due and accrued	-0-	(14,300)	14,300	14,300	-0-
Agents' Balances or uncollected premiums	553,394	11,576	541,818	541,818	-0-
Reinsurance recoverable from reinsures	423,427	-0-	423,427	423,427	-0-
Current fed and foreign income tax recoverable	25,631	-0-	25,631	25,631	-0-
Net deferred tax assets	65,701	-0-	65,701	65,701	-0-
Electronic data processing equipment and software	6,544	6,544	-0-		
Furniture and equipment	15,918	15,918	-0-		
Receivable from parents, subsidiaries and affiliates	958	-0-	958	958	-0-
Aggregate write-ins for other than invested assets	52,036	88	51,948	51,948	-0-
Total assets	$3,370,247	$107,511	$3,262,736	$3,350,421	($87,685)

Liabilities and Surplus	Examination	Company	Surplus Increase (Decrease)
Losses and loss adjustment expenses	$ 677,273	677,273	-0-
Commissions payable, contingent commissions and other similar charges	45,396	45,396	-0-
Other expenses	25,441	25,441	-0-
Taxes, license and fees	89	89	-0-
Unearned Premium	1,041,348	1,041,348	-0-
Advance Premium	74,369	74,369	-0-
Ceded reinsurance premium payable	(7,864)	(7,864)	-0-
Amount withheld or retained by company for accounts of others	3,236	3,236	-0-
Total Liabilities	1,859,288	1,859,288	-0-
Aggregate write-in for special surplus funds	390,782	390,782	-0-
Unassigned Funds	1,012,666	1,100,351	(87,685)
Surplus as regards policyholders	1,403,448	1,491,133	(87,685)
Total liability and surplus as regards policyholders	3,262,736	3,350,421	(87,685)

The Internal Revenue Service did not audit the Company's federal income tax returns during the period under examination. The examiner is unaware of any potential exposure of the Company to any further tax assessment and no liability has been established herein relative to such contingency.

B. Underwriting and Investment Exhibit

Surplus as regards policyholders increased $366,305 during the five-year examination period, January 1, 1999 through December 31, 2003. The following is a condensed statement of the underwriting and investment results:

Statement of Income

Underwriting Income		
Premiums earned		$ 5,512,177
Losses and loss adjustment expenses incurred	$ 3,765,365	
Other underwriting expenses incurred	1,594,849	
Total underwriting deductions		5,360,214
Net underwriting gain(loss)		$ 151,963
Investment Income		
Net investment income earned	$ 443,762	
Net realized capital gain	15,037	
Net investment gain(loss)		458,799
Other Income		
Net gains(loss) from write off of agents balance	(1,139)	
Finance and service charges	88,789	
Aggregate write-ins for miscellaneous income	13,586	
Total other income		101,236
Net income before dividends to policyholders and federal; and foreign income taxes		711,998
Less: Dividends to Policyholders		-0-
Net income before federal and foreign Income taxes		711,998
Federal and foreign income taxes incurred		450,312
Net income(loss)		$ 261,686

Capital and Surplus Account

Surplus as regards policyholders, December 31, 1998, per prior examination			$1,037,143
	Gains in Surplus	Losses in Surplus	
Net income or loss	$ 261,686		
Net unrealized capital gains or (losses)	11,982		
Change in non-admitted assets	-0-	106,938	
Cumulative effect of changes in accounting Principles	18,000		
Change in net deferred income tax	65,701		
Aggregate write-ins for gains and losses surplus	115,874	-0-	
Total gains and losses	$ 473,243	$ 106,938	
Net increase in surplus			$ 366,305
Surplus as regards policyholders per report on examination,			$1,403,448

4. REAL ESTATE

The examination admitted asset of $68,320 for Real estate (properties occupied by the company) is $3,174 less than the $71,494 reported by the Company in its filed 2003 annual statement. The examination difference resulted from the examination depreciation of the asset. In 2003, the Company acquired its current home office; however, it did not reduce the value of the home office by the accumulated depreciation amount for both the building and the improvement done on it. SSAP No. 40 states in part that properties occupied by the Company and properties held for the production of income shall be carried at depreciated cost less encumbrance.

It is recommended that the Company comply with SSAP No. 40 and report real estate and any capitalized improvement on the property net of depreciation.

5. CASH AND CASH EQUIVALENTS

The Company included in Schedule E Part 1 of its 2003 filed annual statements a five-year Certificate of Deposit investment of $100,000. The examination reclassified the investments as a bond to be reported in Schedule D Part 1 pursuant to SSAP No. 26 paragraph 2, which states in part that certificates of deposit that have a fixed schedule of payments and maturity date in excess of one year from the date of acquisition, should be reported as bonds in the annual statement.

Therefore, it is recommended that the Company comply with SSAP No. 26 paragraph 2 and report certificates of deposits with fixed schedule of payments and maturity date in excess of one year as bonds.

Also, the Company reported an investment in a money market, with a balance of $390,186, in Schedule E Part 1 of its 2003 filed annual statement as part of cash. In accordance with the provisions of the SSAP No.2 paragraph 10, investments in money market funds shall be reported as short term investments. Consequently, the examination has reclassified the balance of $390,186 as a short-term investment, subject to the applicable investment limitations.

It is recommended that the Company comply with SSAP No. 2 paragraph 10 and report money market investments as short-term investments in the annual statement.

6. SHORT-TERM INVESTMENTS

Section 1409 of the NYIL provides that no domestic insurer shall have more than ten percent of its admitted assets invested in the securities of any one institution. As of December 31, 2003, the Company was holding a mutual fund with a market value of $390,186. This amount exceeded the statutory threshold of ten percent. An examination financial change of

$84,511 has been made to bring the investment to the acceptable statutory level. Therefore, it is recommended that the Company comply with Section 1409 of the NYIL and not invest more than ten percent of its admitted assets in any one institution.

7. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability of $677,273 is the same as the amount reported by the Company in its filed 2003 annual statement. The Department's analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company's internal records and in its filed annual statements.

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

8. MARKET CONDUCT ACTIVITIES

During 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. This examination's general review was directed at practices of the Company in the following areas:

A. Sales and advertising
B. Underwriting
C. Rating
D. Claims
E. Cancellations
F. Complaint procedures

The review indicated the following findings and recommendations:

i. Agents' Termination

11 NYCRR 218.4 (Regulation 90) provides that agents terminated by insurers shall be notified thirty days before the effective date of their termination. During the examination, it was noted that agents

were terminated in 2002 and 2003, without being given the thirty-day advance notice as required by Regulation 90. Therefore, it is recommended that the Company comply with 11 NYCRR 218.4 (Regulation 90) and provide terminated agents the required thirty days advance notice.

ii. Policy Form Requirements

Section 6609(a)(2) of the NYIL states "Each form of policy issued by such a corporation shall...caption all provisions of the corporation's by-laws, whether required or permitted, relative to meetings of members, election of directors, rights and obligations of members, extraordinary assessments, and contingent liability."

In a correspondence to the examiner dated July 16, 2004, the Company confirmed that it had not utilized policy jackets nor mailed by-laws along with policies issued to new insured. Therefore, it is recommended that the Company comply with Section 6609(a)(2) and provide its policyholders a policy form that will include the provisions of the Company's by-laws.

9. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report contained the following recommendations (page numbers refer to the prior report):

Item	Page No.
It was recommended that the Company adhere to the ten- percent investment limitations prescribed by Section 1409 of the New York Insurance Law.	11
The Company did not comply with this recommendation.	
It was recommended that the Company maintain documentation that support the expense allocation percentages used to prepare Part 4 of the annual statement	11
The Company has complied with this recommendation.	
It was recommended that the Company maintain records in accordance with Section 6611(a)(1) of the New York Insurance Law that will facilitate full disclosure of all potential liabilities in future filed statements.	12
The Company has complied with this recommendation.	

10. SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following is a summary of the comments and recommendations made in the body of this report:

Item	Page No.
A. Proceeding of Committee Meetings	4
It is recommended that the Company comply with Section 6611(a)(3) of the NYIL and maintain a minute book recording the proceedings of the Executive and Finance Committees.	

Item	Page No.
B. Amendment of by-laws	5
It is recommended that the Company comply with Section 1209(d) of the NYIL and Article VIII of its by-law and obtain the approval of the Superintendent of Insurance before implementing any amendment of its by-laws.	
C. Minimum Capital Investment	6
It is recommended that the Company comply with Section 6623(b)(2) of the NYIL and invest additional securities that qualify as minimum capital investments.	
D. Possession of in-force Reinsurance Agreements	7
It is recommended that the Company comply with 11 NYCRR 125.2 (Regulation 20) and have in its possession all in-force reinsurance agreements and supplemental contracts.	
E. Section 1308(e)(1)(A)	7
It is recommended that the Company comply with Section 1308(e)(1)(A) of the NYIL.	
F. Regulation 53	9
It is recommended that the Company comply with 11 NYCRR 81-1.2 (Regulation 53) and file the necessary Regulation 53 requirements with the Department. Also it is recommended that the Company allocate expenses between it and its subsidiary using a method that will comply with 11 NYCRR 109 (Regulation 30)	

Item	Page No.
G. Custodial Agreement	10
It is recommended that the Company comply with NAIC suggestions, reinforced by Circular Letter No. 13(1996) and obtain a custodial agreement that includes the suggestions specified by the NAIC and the New York Insurance Department.	
H. Offsetting and Netting of Asset and Liabilities	11
It is recommended that the Company comply with SSAP No. 64 and set up a separate liability for commissions payable.	
I. Annual Statement Instructions	11
It is recommended that the Company accurately respond to the annual statement General Interrogatory regarding the largest net aggregate amount insured in any one risk in all future statements filed with this Department.	
J. Real Estate	15
It is recommended that the Company comply with SSAP No. 40 and report real estate and any capitalized improvement on the property net of depreciation.	
K. Cash and cash equivalents	16
It is recommended that the Company comply comply with SSAP No. 26 paragraph 2 and report certificates of deposits with fixed schedule of payments and maturity date in excess of one year as bonds.	
L. Cash and cash equivalents	16
It is recommended that the Company comply with SSAP No. 2 paragraph 10 and report money market instruments as short-term investments in the annual statement.	

Item	Page No.
M. Short-term investments	17
It is recommended that the Company comply with Section 1409 of the NYIL and not invest more than ten percent of its admitted asset in any one institution. It is noted that the two prior examination reports contained similar recommendation.	
N. Agents' Termination	18
It is recommended that the Company comply with 11 NYCRR 218.4 (Regulation 90) and provide terminated agents the thirty days notice.	
O. Policy Form Requirements	18
It is recommended that the Company comply with Section 6609(a)(2) and provide its policyholders policy forms that will include the provisions of the Company's by-laws.	

Respectfully submitted,

/S/

Nyantakyi Akuoko
Senior Insurance Examiner

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

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

/S/

Nyantakyi Akuoko

Subscribed and sworn to before me

this 17TH day of APRIL, 2008.

Appointment No *22160*

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:*

Nyantakyi Akuoko

as proper person to examine into the affairs of the

Community Mutual 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 1st *day of* April, 2004

GREGORY V. SERIO
Superintendent of Insurance