REPORT ON EXAMINATION

OF THE

GLOBAL LIBERTY INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2012

DATE OF REPORT	JANUARY 21, 2014
EXAMINER	VERONICA DUNCAN BLACK

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

January 21, 2014

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
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 30959 dated February 12, 2013, attached hereto, I have made an examination into the condition and affairs of Global Liberty Insurance Company of New York as of December 31, 2012, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Global Liberty Insurance Company of New York.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

The examination was conducted at the Company's home administrative office located at 68 South Service Road, Suite 450, Melville, New York 11747.

1. SCOPE OF EXAMINATION

The Department has performed an individual examination of Global Liberty Insurance Company of New York, a multi-state insurer. The previous examination was conducted as of December 31, 2007. This examination covers the five year period from January 1, 2008 through December 31, 2012. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

This examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook ("Handbook"), which requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All financially significant accounts and activities of the Company were considered in accordance with the risk-focused examination process. This examination also included a review and evaluation of the Company's own control environment. The examiners also relied upon audit work performed by the Company's independent public accountants when appropriate.

This examination report includes a summary of significant findings for the following items as called for in the Handbook:

Significant subsequent events
Company history
Corporate records
Management and control
Fidelity bonds and other insurance
Pensions, stock ownership and insurance plans
Territory and plan of operation
Growth of Company
Loss experience
Reinsurance
Accounts and records
Statutory deposits
Financial statements
Summary of recommendations

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

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations or rules, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company was incorporated under the laws of the State of New York on June 5, 1999, and became licensed on January 18, 2001 under the name American Horizon Insurance Company of New York. Prior to January 27, 2003, the Company was a wholly-owned subsidiary of American Horizon Insurance Company ("AHIC"), an Illinois domiciled insurance company, during which time the Company wrote no business. Effective January 27, 2003, the Department approved the sale of the Company to A&S Transportation Writers, Inc., a New York Corporation (currently known as Anchor Holdings Group, Inc.), which is owned 100% by Mr. Hossni Elhelbawi. Thereafter, effective February 21, 2003, the Company was renamed Global Liberty Insurance Company of New York. The Company commenced writing business on March 1, 2003.

The Company is 100% owned by Anchor Holdings Group Inc. The Company also has an exclusive managing general agency agreement with Anchor Group Management, Inc., a New York licensed insurance brokerage company that is wholly owned by Mr. Hossni Elhelbawi, which is further discussed in Item 2D herein.

The Company has 2,000,000 authorized shares of common stock, of which, 1,200,000 shares are issued and outstanding. Capital paid in is $3,000,000 consisting of 1,200,000 shares of $2.50 par value per share common stock. In August 2011, the Company increased the par value of its common stock from $1.00 per share to $2.50 per share, resulting in an increase to paid in capital in the amount of $1,800,000, with a corresponding decrease to paid in and contributed surplus. The Department approved this capital transaction on August 31, 2011. In March 2012, the Company declared and paid a cash dividend of $600,000 to its parent, Anchor Holdings Group, Inc. Anchor Holdings Group, Inc. then returned the cash dividend to the Company as a surplus contribution.

Below is a summary of changes in paid in capital and gross paid in and contributed surplus during the examination period:

Date	Description	Paid in Capital	Gross paid in and contributed surplus
1/1/2008	Beginning balance	$1,200,000	$2,113,844
8/31/2011	Change in the par value of common stock	1,800,000	(1,800,000)
3/31/2012	Surplus contribution from parent company	0	600,000
12/31/2012	Ending gross paid in and contributed surplus	$3,000,000	$ 913,844

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 thirteen nor more than twenty-one members. The board meets four times during each calendar year. At December 31, 2012, the board of directors was comprised of the following thirteen members:

Name and Residence	Principal Business Affiliation
Mohsen Badran Little Neck, NY	President/CEO, Goodwill Industries of the Coastal Empire, Inc.
Richard P. Dowd Bethpage, NY	Vice President, Global Liberty Insurance Company of New York
Hossni Elhelbawi St. James, NY	President, Global Liberty Insurance Company of New York
Samantha B. Elhelbawi St. James, NY	Director, Global Liberty Insurance Company of New York
Angela Osan-Elhelbawi St. James, NY	Secretary and Treasurer, Global Liberty Insurance Company of New York
Douglas Goldenbaum Huntington, NY	Vice President, Controller, Global Liberty Insurance Company of New York
Artie Gyftopoulos New York, NY	Senior Vice President, New York Commercial Bank
Robert King New York, NY	Vice President, Global Liberty Insurance Company of New York
Hovannes John Malikyan Forest Hills, NY	Agent, New York Life Insurance Company

Name and Residence	Principal Business Affiliation
Mounir Mikhail Woodside, NY	Retired, Global Liberty Insurance Company of New York
Mahmoud Ragab Hauppauge, NY	Senior Vice President, Global Liberty Insurance Company of New York
John E. Pittas Flushing, NY	Attorney, John E. Pittas Esq.
Peter Papagianakis Roslyn, NY	Attorney, Business Law Firm LLC

Board of Directors

A review of the minutes of the board of directors' meetings held during the examination period indicated that the meetings were generally well attended with the exception of Mr. Artie Gyftopoulos who attended less than 50% of the meetings for which he was eligible to attend.

Members of the board have a fiduciary responsibility and must evince an ongoing interest in the affairs of the insurer. It is essential that board members attend meetings consistently and set forth their views on relevant matters so that the board may reach appropriate decisions. Individuals who fail to attend at least one-half of the regular meetings do not fulfill such criteria. It is recommended that board members who are unable or unwilling to attend meetings consistently should resign or be replaced.

Shareholder's Meetings – Election of Directors

A review of the meetings of the shareholders indicates that the Company did not elect the members of the board at the annual shareholder's meetings for the period under examination as required by Article III, Section 2 of the By-Laws and Paragraph 6 of the Charter, which states as follows:

By-Laws - Article III, Section 2:

> "Each director shall hold office until the next annual meeting of stockholders and until his successor shall have been elected and qualified".

Charter - Paragraph 6:

> "Directors shall be elected at each annual meeting of shareholders and each director so elected shall hold office until the next annual meeting of shareholders when his successor is elected and qualifies."

The Company's By-Laws and Charter are in accordance with Article 6, Section 602(b) of the Business Corporation Law, which states:

> "A meeting of shareholders shall be held annually for the election of directors and the transaction of other business on a date fixed by or under the by-laws."

It is recommended that the Company comply with Article III - Section 2 of its By-Laws, Paragraph 6 of its Charter, and Article 6 - Section 602(b) of the Business Corporation Law for the election of its board members.

The examiner also notes that the annual meeting date and time of the shareholder's meetings as provided for in the Company's Charter and By-Laws are not in agreement. The Charter provides that the annual shareholder's meeting shall be held on the "Second Tuesday in April each year…" and the By-Laws provide that the annual shareholder's meeting shall be held on "First day of June in each year…" It is recommended that the Company amend its Charter or By-Laws so that the documents agree as to the date and time of the annual shareholder's meeting.

As of December 31, 2012, the principal officers of the Company were as follows:

Name	Title
Hossni Elhelbawi	President
Angela Osan-Elhelbawi	Secretary and Treasurer

B. Territory and Plan of Operation

As of December 31, 2012, the Company was licensed to write business in eleven states and the District of Columbia. Subsequent to the examination date, the Company became licensed to transact business in the states of Connecticut and Texas.

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:

Paragraph	Line 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
15	Workers' compensation and employers' liability
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine

The Company was approved to write paragraphs 7 (Burglary) and 8 (Glass) of Section 1113(a) of the New York Insurance Law effective July 28, 2011.

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 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of $3,000,000.

The following schedule shows the direct premiums written by the Company both in total and in New York for the period under examination:

Calendar Year	New York State	Total Premiums	Premiums Written in New York as a Percentage of Total Premium
2008	$33,837,855	$33,837,855	100.00%
2009	$31,788,540	$31,788,540	100.00%
2010	$31,306,001	$31,333,704	99.91%
2011	$27,272,399	$28,474,588	95.78%
2012	$27,272,399	$32,367,967	84.26%

The Company writes predominately commercial automobile liability, physical damage and extended no-fault coverages for the for-hire-livery market, insuring primarily the "Black and Luxury" cars and Limousines in the New York City boroughs and the metropolitan area. In 2007, the Company expanded its business by writing commercial property and liability coverages for small business owners. In 2008, the Company entered the workers' compensation business; however, discontinued this line of business in 2010. And finally, in 2009, the Company began writing homeowners' insurance in the state of New York and began diversifying its business geographically to other states.

In addition, the Company participates in several mandatory pools for its commercial automobile and homeowners business. The Company's business is primarily produced through a network of agents and brokers appointed by its managing general agent, Anchor Group Management, Inc. A very small portion of the Company's business is produced independently of Anchor Group Management, Inc., and is produced directly through agents and brokers.

C. Reinsurance

Assumed

The Company's assumed reinsurance program consists solely of its participation in the New York Special Risk Distribution Program ("SRDP") and in the New Jersey Commercial Automobile Insurance Plan ("NJCAIP") for the period under examination. The Company's underwriting results for participation in both the SRDP and NJCAIP are reported as assumed reinsurance business. The Company's participation in the SRDP and NJCAIP accounted for less than 1% of its gross premium written in calendar year 2012.

Ceded

Global Liberty had the following ceded reinsurance program in effect at December 31, 2012:

Type of Treaty	**Cession**
Commercial Automobile Liability and Physical Damage	
Primary Auto Liability and Physical Damage Quota Share 100% Authorized	34% quota share participation of $100,000 ultimate net loss, each loss occurrence.
Auto Liability& Physical Damage Excess of Loss (three layers) 100% Authorized	First Excess of Loss 65% of $400,000 excess $100,000 ultimate net loss each loss occurrence. Second Excess of Loss $1,000,000 excess $500,000 ultimate net loss each loss occurrence, each insured. This layer provides clash insurance coverage with a limit of

Type of Treaty	**Cession**
	100% of $700,000 excess $300,000 ultimate net loss each loss occurrence. Third Excess of Loss (Auto Liability Only) 95% of $3,500,000 excess $1,500,000 ultimate net loss each loss occurrence, each insured.
Property/Casualty – Commercial Multiple Peril	
Multi-Line Quota Share 100% Authorized	Coverage A: 50% quota share participation of the Company's net retained liability as respects to the first $100,000 each risk, each loss, subject to a maximum liability of $300,000 for any one loss occurrence for business classified as property. Coverage B: 50% quota share participation of the Company's net retained liability as respects the first $100,000 each loss occurrence for business classified as liability.
Multi-Line Excess of Loss Three Layers 100% Authorized	First Excess of Loss Coverage A: Limit of $1,900,000 excess $100,000 ultimate net loss, each loss, each risk, for business classified as property. The first excess of loss layer is subject to a 70% cession and a maximum recoverable of $600,000 any one loss occurrence. The second and third excess of loss layers are subject to a 100% cession and a maximum recoverable of $2,100,000 and $3,000,000, respectively. Coverage B: Limit of $1,900,000 excess $100,000 ultimate net loss each loss occurrence for business classified as liability.
Umbrella Liability Quota Share 100% Authorized	95% quota share participation of $1,000,000 as respect of each policy, each and every loss.

Type of Treaty	**Cession**
Property Catastrophe Excess of Loss Three Layers 100% Authorized	Limit of $5,550,000 excess $750,000 net loss, each and every loss occurrence as respect to a loss occurrence during the term of the contract. The first excess of loss layer is subject to a 50% cession and a maximum liability of $1,500,000 for a loss occurrence during the term of the contract period. The second and third excess of loss layers are subject to a 100% cession and a maximum liability of $4,000,000 and $5,600,000 for a loss occurrence during the term of the contract period, respectively.
Property Facultative Per Risk Excess of Loss 100% Authorized	Limit of $1,000,000 excess $2,000,000 ultimate net loss each loss, each risk for business classified as property.

The Company's reinsurance program has changed since the last report on examination. Effective December 31, 2011, the Company entered into a Special Quota Share agreement with one of its reinsurers to cede an additional 43.56% of its net retained quota share unearned premium reserves for a total cession of 67.56% for its commercial and automobile liability and physical damage business in force at December 31, 2011. The Company continues to maintain quota share and excess of loss reinsurance agreements for its commercial property and liability programs.

The Company, however, has expanded its reinsurance program to include additional insurance coverage for its property/casualty commercial multi-peril program. This includes coverage for its workers' compensation business (since discontinued) and its homeowners' insurance business. The Company purchased a multi-peril excess of loss agreement which provides specific layers of coverage with each layer providing a maximum recoverable over the Company's 30% retention.

The Company also purchased a quota share umbrella liability policy, property facultative, and a property catastrophe cover to meets its current growth as well as its anticipated growth as its business expands geographically. The Company has maintained the captioned coverage beginning in 2009.

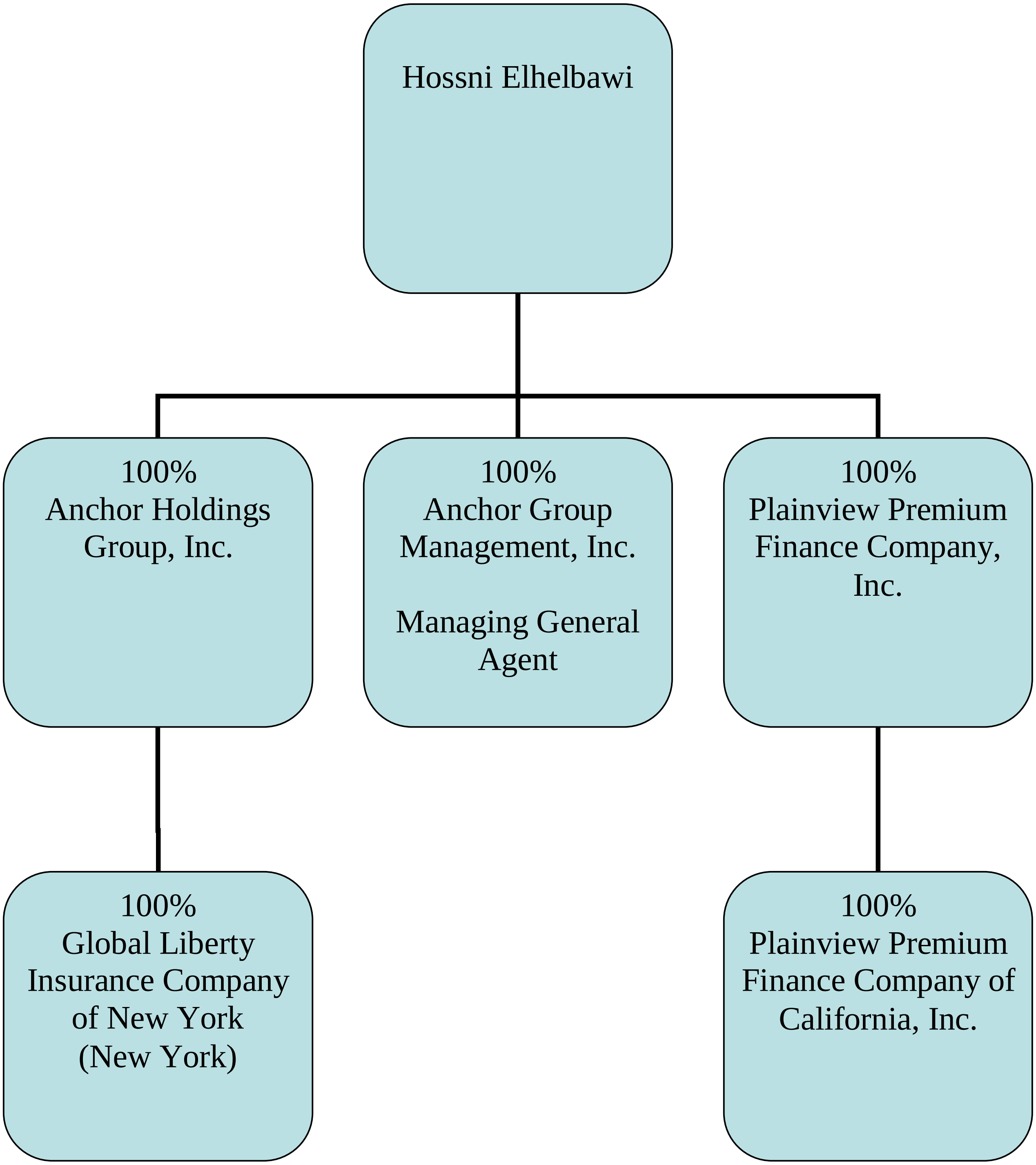
All significant ceded reinsurance agreements in effect as of the examination date were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in SSAP No. 62. Representations were supported by appropriate risk transfer analyses and an attestation from the Company's Chief Executive Officer and Chief Financial Officer pursuant to the NAIC Annual Statement Instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in SSAP No. 62.

D. Holding Company System

The Company is a wholly-owned subsidiary of Anchor Holdings Group, Inc., a New York Corporation, which is ultimately controlled by Mr. Hossni Elhelbawi. Mr. Elhelbawi also owns 100% of Anchor Group Management, Inc., an affiliate of the Company, which produces the majority of the voluntary business written by the Company.

The following is a chart of the holding company system at December 31, 2012:



At December 31, 2012, the Company was party to the following agreements with other members of its holding company system:

Managing General Agent Agreement

Effective March 1, 2003, the Company entered into a managing general agent agreement with its affiliate, Anchor Group Management, Inc. ("AGM"). Under the terms of the agreement, AGM shall have the underwriting authority to bind the Company for commercial auto policies in all New York territories, and the Company shall have the ultimate final authority over decisions to include but not limited to the acceptance, rejection or cancellation of risks. Specifically, AGM agrees to perform all duties and responsibilities involving marketing, underwriting administration, data processing and reporting and accounting, regulatory and general administration. This agreement was approved by the Department on April 15, 2005.

The Agreement was amended effective January 27, 2009 to reflect AGM's current name. AGM was formerly known as Anchor Group Inc. The Agreement was amended again effective January 1, 2011 and August 1, 2012 to amend the commission rates.

Effective January 17, 2011, Addendum B of the Agreement was amended to permanently waive payment of any past and/or future profit sharing benefit.

Management Service Agreement

Effective January 1, 2005, the Company entered into a revised management service agreement with its affiliate company, AGM. Pursuant to the Agreement, AGM provides all services necessary for the day-to-day operations of the Company including, but not limited to, human resources services; corporate and regulatory services; reinsurance services; accounting, auditing and actuarial and tax services; claims adjustments and payment services - exclusive of services specifically performed by the employees of Global Liberty; systems administrative services; and assigned risks operations for the administration and management of all assigned risk business. This agreement was approved by this Department on October 23, 2008 pursuant to Section 1505 of the New York Insurance Law. The Agreement was amended effective January 27, 2009 to reflect AGM's current name.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2012, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	126%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	68%
Premiums in course of collection to surplus as regards policyholders	13%

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:

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$50,391,029	62.62%
Other underwriting expenses incurred	23,730,860	29.49
Net underwriting gain	6,353,967	7.90
Premiums earned	$80,475,856	100.00%

F. Risk Management and Internal Controls

(i) Accounting Manual

The prior report on examination noted that the Company did not maintain an accounting manual that provides proper controls and procedures for operational tasks, and recommended that that the Company establish a new accounting manual. The Company's management has indicated that it is in the process of finalizing its accounting manual and that the manual will be completed in 2014. It is again recommended that the Company continue its efforts on establishing an accounting manual.

(ii) Accounting System

It was reported in the previous report on examination that the Company's general ledger system (Quickbooks) was not compatible to its claims reporting system and to its original computer system. The management of Company has acknowledged that the computer system was not adequately meeting the Company's accounting and reporting needs, and that the Company was in the process of implementing a new computer system. It was recommended that the Company continue efforts to develop a new computer system that would be compatible with its accounting, administrative, and reporting needs. The Company has implemented a new computer system (Global Data System) that has addressed its policy and claims administrative, and reporting needs. The Company also purchased a new general ledger system ("ACCPAC") which is compatible with its new computer system. However, the Company is still in the process of transitioning to ACCPAC. Management has indicated that ACCPAC will be operating independently by January 1, 2014. As such, it is recommended that the Company continue its efforts on transitioning to ACCPAC.

(iii) Information Technology

A review of the Company's Information Technology ("IT") environment was conducted to evaluate the effectiveness of the infrastructure with respect to safeguarding the assets, maintaining data integrity, and operating efficiently to meet goals and/or objectives of the organization as promulgated by ISACA (an independent, nonprofit, global association, which engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems) and described by the National Association of Insurance Commissioners Financial Condition Examiners Handbook. The review also included an understanding of the Company's security protocols, development process and IT governance and oversight. The Company developed and implemented a new computer system "Global Data System" in 2009. The computer system was developed to help the Company's business operate more efficiently. Certain risk areas in security policy, project management, IT deliveries, records access, business continuity plan and IT personnel authority were deemed to be lacking proper controls and/or processes. The absence of such controls and/or process in the Company's IT governance, security, and operations indicates that the Company may not be able meet all of its IT business objectives adequately. It is recommended that the Company take the necessary steps to address the weaknesses in its IT controls and/or processes in order to improve or strengthen its operational integrity, efficiency and effectiveness.

3. FINANCIAL STATEMENTS

A Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2012 as determined by this examination and as reported by the Company:

Assets	Assets	Examination Assets Not Admitted	Net Admitted Assets
Bonds	$29,190,758	$ 0	$29,190,758
Cash, cash equivalents and short-term investments	2,549,675	0	2,549,675
Other invested assets	570,563	0	570,563
Investment income due and accrued	264,596	0	264,596
Uncollected premiums and agents' balances in the course of collection	1,970,652	0	1,970,652
Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,337,578	0	5,337,578
Amounts recoverable from reinsurers	638,218	0	638,218
Current federal and foreign income tax recoverable and interest thereon	396,258	0	396,258
Net deferred tax asset	936,663	225,939	710,724
Electronic data processing equipment and software	7,298	7,298	0
Aggregate write-ins for other than invested assets	204,048	0	204,048
Totals Assets	$42,066,307	$233,237	$41,833,070

Liabilities, surplus and other funds

Liabilities		Examination
Losses and loss adjustment expenses		$14,729,979
Commissions payable, contingent commissions and other similar charges		(92,440)
Other expenses (excluding taxes, licenses and fees)		201,686
Taxes, licenses and fees (excluding federal and foreign income taxes)		203,788
Unearned premiums		8,697,458
Ceded reinsurance premiums payable (net of ceding commissions)		2,661,694
Payable to parent, subsidiaries and affiliates		103,921
Payable for securities		511,970
Aggregate write-ins for liabilities		87,000
Total liabilities		$27,105,056
Surplus and Other Funds		
Common capital stock	$ 3,000,000	
Gross paid in and contributed surplus	913,844	
Unassigned funds (surplus)	10,814,170	
Surplus as regards policyholders		14,728,014
Total Liabilities, surplus and other funds		$ 41,833,070

Note: The Internal Revenue Service has not yet begun to audit tax returns covering tax years 2008 through 2012. 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. Statement of Income

Surplus as regards policyholders increased $7,889,465 during the five-year examination period January 1, 2008 through December 31, 2012, detailed as follows:

Underwriting Income		
Premiums earned		$80,475,857
Deductions:		
Losses and loss adjustment expenses incurred	$50,391,029	
Other underwriting expenses incurred	23,695,832	
Aggregate write-ins for underwriting deductions	35,028	
Total underwriting deductions		74,121,889
Net underwriting gain or (loss)		$ 6,353,968
Investment Income		
Net investment income earned	$ 4,896,318	
Net realized capital gain	(29,819)	
Net investment gain or (loss)		4,866,499
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (53,819)	
Finance and service charges not included in premiums	208,826	
Aggregate write-ins for miscellaneous income	(59,695)	
Total other income		95,312
Net income after dividends to policyholders but before federal and foreign income taxes		$11,315,779
Federal and foreign income taxes incurred		3,546,833
Net Income		$ 7,768,946

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders per report on examination as of December 31, 2007			$ 6,838,549
Net income	$7,768,946	$	
Net unrealized capital gains or (losses)	380,748		
Change in net deferred income tax		62,243	
Change in non-admitted assets		197,986	
Capital changes transferred from surplus (stock dividend)	1,800,000		
Surplus adjustments paid in		1,200,000	
Dividends to stockholders	0	600,000	
Net increase (decrease) in surplus	$9,949,694	$2,060,229	7,889,465
Surplus as regards policyholders per report on examination as of December 31, 2012			$14,728,014

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $14,729,979 is the same as reported by the Company as of December 31, 2012. The examination 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.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained 14 recommendations as follows (page numbers refer to the prior report):

ITEM		PAGE NO.
A	Management	
i.	It is recommended that board members who are unable or unwilling to attend meetings consistently should resign or be replaced.	5
	The Company has not complied with this recommendation. A similar recommendation is included in this report.	
ii.	It is recommended that the Company put in place necessary procedures to ensure that all of its directors and officers complete signed conflict of interest statements as provided in its conflict of interest statement policy.	5
	The Company has complied with this recommendation.	
B	Reinsurance	
	It is recommended that the Company amend its reinsurance agreement to include wording which states that in the event of the insolvency of either party to the agreement then offset shall be allowed to the extent permitted by the provisions of Section 7427 of the New York Insurance Law.	8
	The Company has complied with this recommendation.	
C	Holding Company System	
i.	It is recommended that the Company file its annual holding company registration statements in a timely manner pursuant to the provisions of Part 80-1.4 of Department Regulation 52.	10
	The Company has complied with this recommendation.	
ii.	It is recommended that the Company annually submit the required reports to the Department pursuant to the provisions of Part 80-2.2 of Department Regulation 52-A.	10
	The Company has complied with this recommendation.	
iii.	It is recommended that the Company submit all inter-company agreements to the Department at least thirty days prior to	12

ITEM		PAGE NO.
	implementation in accordance with Section 1505(d) of the New York Insurance Law.	
	The Company has complied with this recommendation.	
D	Accounts and Records	
i.	It is recommended that the Company adopt written investment guidelines in order to ensure that management will comply with and adhere to the formal policies or strategies of the organization and with Department laws and regulations regarding investments.	13
	The Company has complied with this recommendation.	
ii.	It is recommended that the Company file any security with the NAIC SVO that is not rated by a nationally significant rating agency or the NAIC SVO.	13
	The Company has complied with this recommendation.	
iii.	It is recommended that the Company purchase the minimum fidelity insurance coverage as required by the NAIC.	13
	The Company has complied with this recommendation.	
iv.	It is recommended that the Company maintain its underwriting files in accordance with Part 160.2(e) of Department Regulation 57.	14
	The Company has complied with this recommendation.	
v.	It is recommended that the Company comply with the provisions of Section 307(b) of the New York Insurance Law regarding obtaining an independent audit of the Company's financial statements.	14
	The Company has complied with this recommendation.	
E	Risk Management and Internal Controls	
i.	It is recommended that the Company continue its efforts on developing a computer system that would tailor to its accounting, financial reporting, underwriting and policy administrative needs.	15
	The Company has not complied with this recommendation. A similar recommendation is included in this report.	
ii.	It is recommended that the Company continue its efforts to establish an accounting manual.	15

ITEM		PAGE NO.
	The Company has not complied with this recommendation. A similar recommendation is included in this report.	
F	Net Deferred Tax Asset	
	It is recommended that the Company calculate the net deferred tax in accordance with Section 1301(a)(21) of the New York Insurance Law.	20
	The Company has complied with this recommendation.	

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM			PAGE NO.
A		Management	
	i	It is recommended that board members who are unable or unwilling to attend meetings consistently should resign or be replaced.	5
	ii	It is recommended that the Company comply with Article III – Section 2 of its By-Law, Paragraph 6 of its Charter, and Article – Section 602(b) of the Business Corporation Law for the election of its board members.	6
	iii	It is recommended that the Company amend its Charter or By-Laws so that the documents agree as to the date and time of the annual shareholder's meeting.	6
B		Risk Management and Internal Controls	
	i	It is recommended that the Company continue its efforts on establishing an accounting manual.	14
	ii	It is recommended that the Company continue its efforts on transitioning to ACCPAC.	15
	iii	It is recommended that the Company take the necessary steps to address the weaknesses in its IT controls and/or processes in order to improve or strengthen its operational integrity, efficiency and effectiveness.	15

Respectfully submitted,

_____________/s/_____________
Veronica Duncan Black
Senior Insurance Examiner

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

Veronica Duncan Black, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

_____________/s/_____________
Veronica Duncan Black

Subscribed and sworn to before me

this__________ day of ___________________, 2014.

APPOINTMENT NO. ***30959***

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **BENJAMIN M. LAWSKY**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Veronica Duncan Black

as a proper person to examine the affairs of the

GLOBAL LIBERTY INSURANCE COMPANY OF NEW YORK.

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

COMPANY

with such other information as he shall deem requisite.

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

this 12th day of February, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

Jean Marie Cho
Deputy Superintendent