

REPORT ON EXAMINATION

OF THE

MERCHANTS PREFERRED INSURANCE COMPANY

AS OF

DECEMBER 31, 2013

DATE OF REPORT

MAY 16, 2014

EXAMINER

SHEIK H. MOHAMED

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Benjamin M. Lawsky  
Superintendent

May 16, 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 31072 dated November 7, 2013, attached hereto, I have made an examination into the condition and affairs of Merchants Preferred Insurance Company as of December 31, 2013, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Merchants Preferred Insurance Company.

Wherever the designation “MMIC” appears herein without qualification, it should be understood to indicate Merchants Mutual Insurance Company, the Company’s ultimate parent. Wherever the designation “MNIC” appears herein without qualification, it should be understood to indicate Merchants National Insurance Company, a subsidiary of MMIC.

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 office located at 250 Main Street, Buffalo, NY 14202.

## 1. SCOPE OF EXAMINATION

The Department has performed a multi-state examination of Merchants Preferred Insurance Company. The previous examination was conducted as of December 31, 2008. This examination covered the five year period from January 1, 2009 through December 31, 2013. 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
- 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**

Merchants Preferred Insurance Company is a stock property casualty company that was incorporated under the laws of the State of New York on September 29, 2006 and commenced business on February 26, 2007.

Capital paid in is \$4,200,000 consisting of 100,000 shares of common stock at \$42 par value per share. Gross paid in and contributed surplus is \$20,800,000. In November 2011, Merchants Mutual Insurance Company (“MMIC”) made a \$10 million capital contribution to Merchants National Insurance Company (“MNIC”), the direct parent of the Company. MNIC subsequently contributed the \$10 million to the Company. As such, gross paid in and contributed surplus increased by \$10 million during the examination period, as follows:

<u>Year</u>	<u>Description</u>	<u>Amount</u>
2009	Beginning gross paid in and contributed surplus	\$10,800,000
2011	Surplus contribution	<u>10,000,000</u>
2013	Ending gross paid in and contributed surplus	<u>\$20,800,000</u>

### 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 seven nor more than fifteen members. The board meets six times during each calendar year. At December 31, 2013, the board of directors was comprised of the following eleven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Franklyn S. Barry, Jr. Buffalo, NY	Retired, former President and Chief Executive Officer, Aethlon Medical, Inc.

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Gary M. Brost Buffalo, NY	Chairman and Chief Executive Officer, Strategic Investments & Holdings, Inc.
Randall L. Clark Williamsville, NY	Chairman, Dunn Tire Corporation, LLC
Linda P. Duch Naples, FL	President, Partners for Business
Muriel A. Howard Chevy Chase, MD	President, American Association of State Colleges and Universities
Margaret N. Kafka Cheektowaga, NY	Vice President, Corporate Services, Merchants Insurance Group
Brian J. Lipke Derby, NY	Chairman and Chief Executive Officer, Gibraltar Industries
Kurt Wiedenhaupt East Aurora, NY	Retired, former President and Chief Executive, American Precision Industries
Edward G. Wright Hamburg, NY	President and Chief Executive Officer, W. J. Cox Associates, Inc.
Robert M. Zak Buffalo, NY	President and Chief Executive Officer, Merchants Mutual Insurance Company Merchants Preferred Insurance Company Merchants National Insurance Company
Ronald K. Zoellar Palm Coast, FL	Chief Executive Officer, Azeros Health Care

A review of the minutes of the board of directors' meetings held during the examination period indicated that the meetings were generally well attended and each board member has an acceptable record of attendance.

As of December 31, 2013, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Robert M. Zak	President and Chief Executive Officer
Edward M. Murphy	Secretary
Thomas A. Meyers	Treasurer
Charles E. Makey III	SVP, Insurance Operations

<u>Name</u>	<u>Title</u>
Daniel J. Bierbrauer Jr.	VP, Sales and Marketing
Robert H. Fagerburg	VP, Claims Operations
Margaret N. Kafka	VP, Corporate Services
Salvatore T. LaDuca III	VP, Actuary/Finance
Shaddon C. McKnight	VP, Underwriting, Product Development
Peter A. Balisteri	VP, Information Technology

B. Territory and Plan of Operation

As of December 31, 2013, the Company was licensed to write business in the following thirteen states:

Delaware	New Jersey
Indiana	New York
Maine	Ohio
Maryland	Pennsylvania
Massachusetts	Rhode Island
Michigan	Vermont
New Hampshire	

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>
3	Accident & health
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
17	Credit
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity
26(A)(B)(C)(D)	Gap

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 \$6,400,000.

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

<u>Calendar Year</u>	<u>New York State</u>	<u>Total Premiums</u>	<u>Premiums Written in New York State as a percentage of Total Premium</u>
2009	\$44,066,502	\$75,802,295	58.13%
2010	\$49,658,994	\$83,726,932	59.31%
2011	\$54,920,583	\$91,083,969	60.30%
2012	\$54,736,052	\$85,804,756	63.79%
2013	\$53,040,054	\$78,989,565	67.15%

The Company is a northeast regional property and casualty insurer. Commercial lines operations are focused on small "main street" businesses with fewer than twenty-five employees and small artisan contractors. Commercial coverages include special multiple peril ("SMP"), business owners' packages ("BOP"), commercial automobile, general liability and workers' compensation. Personal lines coverages focus on middle to upper middle-income individuals who own homes and own/lease automobiles. Personal lines operational plans are focused on writing the personal automobile, homeowners and personal umbrella business for insureds in New York, New Hampshire and Pennsylvania. The Company's major lines of business are homeowners multiple peril, private passenger auto liability, commercial auto liability and auto physical damage which account for approximately 83% of the 2013 direct business written. Business is generated through 650 independent agents. Business centers are maintained in Bedford, NH; Mt. Laurel, NJ; Buffalo, NY and Hauppauge, NY. The Company services its agents from these four business centers and its home office in Buffalo, NY.

## C. Reinsurance

### Assumed

Assumed reinsurance accounted for approximately 21.9% of the Company's gross premiums written in 2013. Approximately 95% of the Company's assumed premiums written derived from its participation in an intercompany pooling agreement with its affiliates, MMIC and MNIC, as noted below. The remaining 5% of assumed premiums were derived from the Company's participation in various mandatory pools. The Company's assumed business has been fairly stable during the examination period, but has fluctuated slightly as the amount of business assumed from affiliates has grown faster than the Company's direct business.

### Intercompany Pooling Agreement

Effective January 1, 2007, the Company entered into a reinsurance pooling agreement with MMIC and MNIC ("Merchants Pooling Agreement"), whereby the Company and MNIC cede to MMIC all of the premiums, losses and underwriting expenses on their business and then assume from MMIC a percentage of the pooled business. The pooling percentages for MMIC, MNIC and the Company as of December 31, 2013 were 70%, 20% and 10%, respectively.

The Company utilizes reinsurance accounting as defined in the NAIC Accounting Practices and Procedure Manual, Statement of Statutory Accounting Principles ("SSAP") No. 62 for all of its assumed reinsurance business.

### Ceded

The Company has structured its ceded reinsurance program on its direct business to limit its maximum exposure through various excess of loss and quota share reinsurance treaties. The Company utilizes facultative reinsurance for policies with limits exceeding a threshold specific to each product line. The Company also purchased catastrophe reinsurance covering property and workers' compensation.

The following is a description of the Company's ceded reinsurance program in effect at December 31, 2013:

Type of treatyCessionProperty:

Excess of loss (2 layers)

1<sup>st</sup> layer - 100% authorized

\$1,500,000 excess of \$500,000 each loss, each risk (including terrorism and fire)

2<sup>nd</sup> layer - 100% authorized

\$5,000,000 excess of \$2,000,000 each loss, each risk, subject to reinsurer's maximum liability of \$10,000,000 as respects all losses arising out of any one loss occurrence.

Casualty:

Excess of loss (3 layers)

Section A - 100% authorized

1<sup>st</sup> layer

\$1,250,000 excess of \$750,000 ultimate net loss each occurrence;

2<sup>nd</sup> layer

\$3,000,000 excess of \$2,000,000 ultimate net loss each occurrence;

3<sup>rd</sup> layer

\$5,000,000 excess of \$5,000,000 ultimate net loss each occurrence, subject to reinsurer's maximum liability of \$15,000,000 for all occurrences.

Section B - Combined Property & Casualty  
(Casualty subject to Section A above)

1 layer

\$500,000 excess of \$750,000 ultimate net loss in any one combined occurrence.

Property Cat excess of loss (3 layers)

1<sup>st</sup> layer (66.25% authorized)

\$10 million excess of \$10 million, ultimate net loss, any one loss occurrence;

2<sup>nd</sup> layer (64.75%, authorized)

\$20 million excess of \$20 million, ultimate net loss, any one loss occurrence;

3<sup>rd</sup> layer (53.75% authorized)

\$70 million excess of \$40 million, ultimate net loss any one loss occurrence, subject to maximum liability of \$140 million during the term of the contract.

Workers' Compensation

Catastrophe excess of loss

1 layer

100% authorized

\$15 million excess of \$10 million each occurrence.

Limited to \$30 million all occurrences each calendar year.

Personal Umbrella Liability

Quota share

100% authorized

75% quota share of the first \$1 million each occurrence, and 100% of amounts in excess of \$1 million, not exceeding \$5 million each occurrence.

<u>Type of treaty</u>	<u>Cession</u>
<u>Commercial Umbrella Liability</u>	
Quota share	75% quota share of the first \$1 million each occurrence, and 100% of amounts in excess of \$1 million, not exceeding \$10 million each occurrence.
100% authorized	
<u>Monoline Commercial Umbrella Liability</u>	
Quota share	85% quota share of the first \$1 million each occurrence, and 100% of amounts in excess of \$1 million resulting from each occurrence not exceeding \$10 million.
100% authorized	

The Company also obtained automatic facultative reinsurance coverage in addition to its basic coverage for property losses. The facultative treaty will provide coverage of \$8 million excess of \$7 million.

Since the last examination the retention for the casualty excess of loss treaty remained at \$750,000. The policy limit for the catastrophe excess of loss increased from \$85 million to \$110 million. The quota share for the property and commercial umbrella and the monoline commercial programs remained at 75% and 85% respectively. The retention and limit for the workers' compensation program remained at \$10 million and \$15 million respectively. The retention and limit for property per risk coverage remained at \$500,000 and \$6.5 million respectively.

It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized reinsurers. Letters of credit and trust accounts obtained by the Company to take credit for cessions to unauthorized reinsurers were reviewed for compliance with Department Regulations 133 and 114, respectively. No exceptions were noted.

All 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.

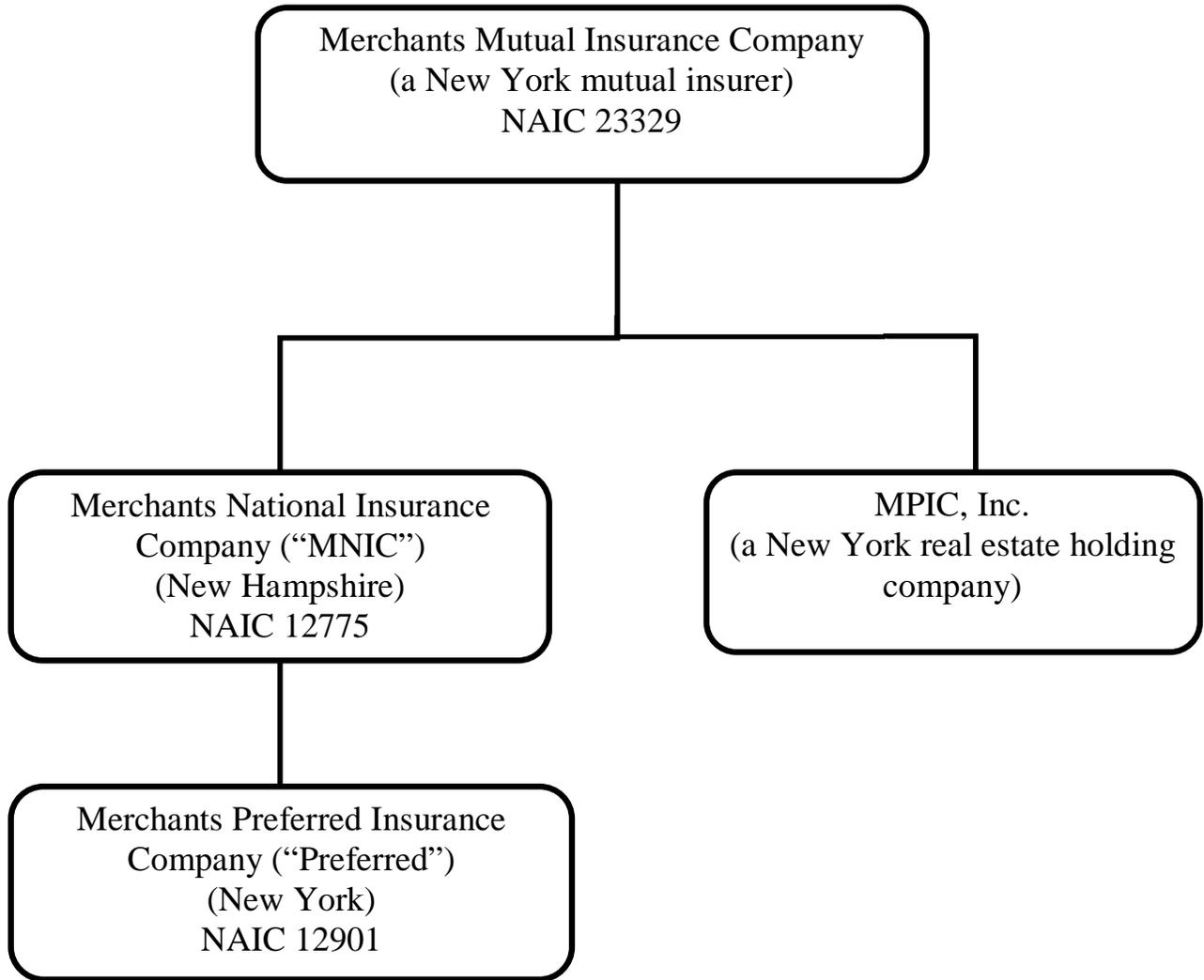
Examination review of the Schedule F data reported by the Company in its filed annual statement was found to accurately reflect its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth 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. Affiliated Group

The Company is a member of the Merchants Insurance Group. The Company is 100% owned by Merchants National Insurance Company, a New Hampshire corporation, which is ultimately controlled by MMIC. As the Company's ultimate parent is a mutual insurer, the Company is not subject to the provisions of Article 15 of the New York Insurance Law. However, the Company is required to submit within 120 days following the close of the ultimate holding company's fiscal year a copy of the National Association of Insurance Commissioners' ("NAIC") insurance holding company system annual registration statement with this Department pursuant to the provisions of Circular Letter No. 10 (2010). The Company made the required filings on a timely basis during the period covered by this examination.

The following is an organization chart of the Company and its affiliated entities at December 31, 2013:



At December 31, 2013, the Company was party to the following agreements with other affiliated entities:

Management Agreement

Effective October 18, 2006, the Company entered into a management agreement with MMIC and MNIC. This agreement was first amended and restated effective as of December 15, 2007. The current management agreement is the second amended and restated agreement effective as of October 1, 2011. Pursuant to the terms of the agreement, MMIC agreed to provide the Company and MNIC with facilities, management and personnel required to operate their business.

Tax Allocation Agreement

Effective January 1, 2007, the Company entered into a tax allocation agreement with its affiliates. Pursuant to the terms of the agreement, the parties will file a consolidated federal income tax return. The agreement provides that the Company's tax liability on a consolidated basis will not be more than it would have paid if it had filed on a separate return basis. This agreement was filed with the Department.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2013, based upon the results of this examination:

Net premiums written to policyholders' surplus	86%
Adjusted liabilities to liquid assets	60%
Gross agents' balances (in collection) to policyholders' surplus	3%

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	\$65,054,374	75.73%
Other underwriting expenses incurred	30,819,218	35.88
Net underwriting loss	<u>(9,968,384)</u>	<u>(11.60)</u>
Premiums earned	<u>\$85,905,208</u>	<u>100.00%</u>

### 3. FINANCIAL STATEMENTS

#### A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2013 as determined by this examination and as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Examination</u>	<u>Net Admitted</u>
		<u>Assets Not Admitted</u>	<u>Assets</u>
Bonds	\$50,768,917	\$ 0	\$50,768,917
Cash, cash equivalents and short-term investments	1,602,154	0	1,602,154
Investment income due and accrued	269,555	0	269,555
Uncollected premiums and agents' balances in the course of collection	688,376	43,072	645,304
Deferred premiums, agents' balances and installments booked but deferred and not yet due	6,554,032	0	6,554,032
Amounts recoverable from reinsurers	23,528	0	23,528
Funds held by or deposited with reinsured companies	33,842	0	33,842
Other amounts receivable under reinsurance contracts	26,275	0	26,275
Net deferred tax asset	2,016,000	293,000	1,723,000
Receivables from parent, subsidiaries and affiliates	722,989	0	722,989
Prepaid expenses	228,823	228,823	0
Equities and deposits in pools and associations	<u>405,703</u>	<u>0</u>	<u>405,703</u>
Total assets	<u>\$63,340,194</u>	<u>\$564,895</u>	<u>\$62,775,299</u>

Liabilities, surplus and other fundsLiabilities

Losses and loss adjustment expenses	\$22,772,331
Commissions payable, contingent commissions and other similar charges	1,267,830
Other expenses (excluding taxes, licenses and fees)	869,907
Taxes, licenses and fees (excluding federal and foreign income taxes)	655,086
Current federal and foreign income taxes	476,000
Unearned premiums	11,015,082
Advance premium	116,590
Ceded reinsurance premiums payable (net of ceding commissions)	751,569
Funds held by company under reinsurance treaties	152,657
Amounts withheld or retained by company for account of others	<u>235,410</u>
Total liabilities	<u>\$38,312,462</u>
Common capital stock	\$ 4,200,000
Gross paid in and contributed surplus	20,800,000
Unassigned funds (surplus)	<u>(537,163)</u>
Surplus as regards policyholders	<u>\$24,462,837</u>
Total liabilities, surplus and other funds	<u>\$62,775,299</u>

Note: The Internal Revenue Service has completed its audits of the Company's consolidated Federal Income Tax returns through the tax year 2008. All material adjustments, if any, made subsequent to the date of examination and arising from said audits, are reflected in the financial statements included in this report. No tax years are currently under examination. The Internal Revenue Service has not yet begun to audit tax returns covering tax years 2009 through 2013. 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 \$11,375,983 during the five-year examination period January 1, 2009 through December 31, 2013, detailed as follows:

Underwriting Income

Premiums earned		\$85,905,208
Deductions:		
Losses and loss adjustment expenses incurred	\$65,054,374	
Other underwriting expenses incurred	30,714,518	
Assignment credit fee expense	<u>104,700</u>	
Total underwriting deductions		<u>95,873,592</u>
Net underwriting gain or (loss)		\$ (9,968,384)

Investment Income

Net investment income earned	\$7,211,973	
Net realized capital gain	<u>1,287,356</u>	
Net investment gain or (loss)		8,499,329

Other Income

Net gain or (loss) from agents' or premium balances charged off	\$(285,708)	
Finance and service charges not included in premiums	1,013,618	
Miscellaneous income	<u>19,013</u>	
Total other income		<u>746,923</u>
Net income before dividends to policyholders and before federal and foreign income taxes		\$ (722,132)
Dividends to policyholders		<u>60,927</u>
Net income after dividends to policyholders but before federal and foreign income taxes		\$ (783,059)
Federal and foreign income taxes incurred		<u>(336,713)</u>
Net Income (Loss)		\$ <u>(446,346)</u>

C. Capital and Surplus Account

Surplus as regards policyholders per report on examination as of December 31, 2008			\$13,086,854
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income (loss)		\$446,346	
Net unrealized capital gains or (losses)	\$ 297,339		
Change in net deferred income tax	1,231,000		
Change in nonadmitted assets	293,990		
Surplus adjustments paid in	<u>10,000,000</u>	<u>0</u>	
Total gains & losses in surplus	<u>\$11,822,329</u>	<u>\$446,346</u>	
Net increase in surplus			<u>\$11,375,983</u>
Surplus as regards policyholders per report on examination as of December 31, 2013			<u>\$24,462,837</u>

**4. LOSSES AND LOSS ADJUSTMENT EXPENSES**

The examination liability for the captioned items of \$22,772,331 is the same as reported by the Company as of December 31, 2013. The examination analysis of the loss and loss adjustment expense reserves was conducted in accordance with generally accepted actuarial principles and statutory accounting principles, including the NAIC Accounting Practices & Procedures Manual, Statement of Statutory Accounting Principle No. 55 (“SSAP No. 55”).

While reviewing the Actuarial Report underlying the Company’s Statement of Actuarial Opinion, it was found that some of the underlying analysis exhibits did not easily map to the top-level summary exhibits. Therefore, the Actuarial Report did not comply with the NAIC Annual Statement Instructions, which require that such report “should provide sufficient documentation and disclosure for another actuary practicing in the same field to evaluate the work.” It is recommended that the Company ensure that the Actuarial Report underlying its Statement of Actuarial Opinion complies with the NAIC Annual Statement Instructions.

## 5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

<u>ITEM</u>	<u>PAGE NO.</u>
<p>A. <u>Tax Allocation Agreement</u></p> <p>It was recommended that the Company comply with the provision of its approved tax allocation agreement and Department Circular Letter No. 33 (1979) and establish an escrow account to assure the subsidiaries' enforceable right to recoup federal income taxes in the event of future losses.</p> <p>As of the examination date, the subsidiaries had recouped all taxes resulting from net operating loss carrybacks; therefore, there are no funds that would be required to be placed in an escrow account.</p>	<p>10</p>
<p>B. <u>Minimum Capital Investments</u></p> <p>It was recommended that the Company comply with Section 1402(a) of the New York Insurance Law.</p> <p>The Company has complied with this recommendation.</p>	<p>12</p>
<p>C. <u>Losses and Loss Adjustment Expenses</u></p> <p>It was recommended that in the future, the Actuarial Report be improved to meet the NAIC requirements.</p> <p>The Company has not complied with this recommendation. A similar recommendation is contained herein.</p>	<p>16</p>

## 6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
<p>A. It is recommended that the Company ensure that the Actuarial Report underlying its Statement of Actuarial Opinion complies with the NAIC Annual Statement Instructions.</p>	<p>16</p>

Respectfully submitted,

\_\_\_\_\_/s/\_\_\_\_\_  
Sheik H. Mohamed, CPCU  
Senior Insurance Examiner

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

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

\_\_\_\_\_/s/\_\_\_\_\_  
Sheik H. Mohamed

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**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:

***Sheik Mohamed***

*as a proper person to examine the affairs of the*

***Merchants Preferred Insurance Company***

*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 7th day of November, 2013*

**BENJAMIN M. LAWSKY**  
*Superintendent of Financial Services*



By:

*Jean Marie Cho*  
*Deputy Superintendent*