REPORT ON EXAMINATION

OF

FARM FAMILY CASUALTY INSURANCE COMPANY

AS OF

DECEMBER 31, 2015

DATE OF REPORT	MAY 23, 2017
EXAMINER	LAMIN JAMMEH

TABLE OF CONTENTS

May 23, 2017

Honorable Maria T. Vullo
Superintendent
New York State Department of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 31396 dated January 07, 2016, attached hereto, I have made an examination into the condition and affairs of Farm Family Casualty Insurance Company as of December 31, 2015, and submit the following report thereon.

Wherever the designation "the Company" or "FFCIC" appears herein without qualification, it should be understood to indicate Farm Family Casualty Insurance Company.

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 344 Route 9W, Glenmont, NY 12077.

1. SCOPE OF EXAMINATION

The Department has performed a coordinated group examination of the Company, a multi-state insurer. The previous examination was conducted as of December 31, 2011. This examination covered the four-year period from January 1, 2012 through December 31, 2015. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination was conducted in conjunction with the state of Texas, which was the coordinating state of the American National Insurance Group. The examination was performed concurrently with the examinations of the following insurers:

	State of Domicile
American National Insurance Company (ANICO)	Texas
American National County Mutual Insurance Company (ANCMIC)	Texas
American National General Insurance Company (ANGIC)	Missouri
American National Life Insurance Company of New York (ANICONY)	New York
American National Life Insurance Company of Texas (ANTEX)	Texas
American National Lloyds Insurance Company (ANLIC)	Texas
American National Property And Casualty Company (ANPAC)	Missouri
ANPAC Louisiana Insurance Company (ANPAC LA)	Louisiana
Farm Family Life Insurance Company (FFLIC)	New York
Garden State Life Insurance Company (GSLIC)	Texas
Pacific Property And Casualty Company (Pacific)	California
Standard Life and Accident Insurance Company (SLAICO)	Texas
United Farm Family Insurance Company (UFFIC)	New York

Other states participating in this examination were California, Louisiana, and Missouri.

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 assessment and an evaluation based upon the Company's Sarbanes Oxley documentation and testing. 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:

Company history
Management and control
Territory and plan of operation
Holding company description
Reinsurance
Loss review and analysis
Financial statement presentation
Significant subsequent events
Summary of recommendations
Significant subsequent events

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 April 21, 1955 as Farm Family Mutual Insurance Company, became licensed on November 14, 1956 and commenced business on November 16, 1956.

On July 26, 1996, pursuant to a Plan of Reorganization and Conversion, Farm Family Mutual Insurance Company converted from a mutual company to a stock company, changed its name to Farm Family Casualty Insurance Company ("FFCIC") and became a wholly-owned subsidiary of Farm Family Holdings, Inc. ("FFH").

On April 10, 2001, American National Insurance Company ("ANICO"), a Texas domiciled insurance company, acquired FFH.

On August 23, 2007, American National Property and Casualty Holding Company LLC merged into Farm Family Holdings, Inc., with Farm Family Holdings, Inc. being the surviving entity. At the same time Farm Family Holdings, Inc. changed its name to American National Property & Casualty Holdings, Inc. ("ANPAC Holdings").

As of December 31, 2015 capital paid in was $3,606,205 consisting of 2,253,878 shares of $1.60 par value per share common stock. Gross paid in and contributed surplus is $71,776,893. The balance has not changed since the prior report on examination.

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 or more than fifteen members. The board met at least four times during each calendar year for the period under examination. As of December 31, 2015, the board of directors was comprised of the following eleven members:

Name and Residence	Principal Business Affiliation
John J. Dunn, Jr. League City, TX	Executive Vice President, Chief Financial Officer and Treasurer, ANICO
Irwin M. Herz, Jr. Galveston, TX	Partner/Attorney, Greer, Herz & Adams, LLP
A. Ingrid Moody Kemah, TX	Volunteer Worker and former farmer
Edward J. Muhl Malvern, PA	Retired Partner, PricewaterhouseCoopers, LLP
Gregory V. Ostergren Springfield, MO	Chairman, President and Chief Executive Officer, ANPAC
Elvin J. Pederson Galveston, TX	Managing Director, CitareTx Management, LLC
James E. Pozzi Galveston, TX	President and Chief Executive Officer, ANICO
Victoria M. Stanton Glenmont, NY	Executive Vice President, General Counsel and Secretary, Farm Family Companies
Timothy A. Walsh Friendswood, TX	President and Chief Executive Officer, Farm Family Companies
Ronald J. Welch League City, TX	Retired Senior Executive Vice President, Corporate Risk Officer and Chief Actuary, ANICO
James D. Yarbrough Galveston, TX	Mayor Galveston, TX

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 had an acceptable record of attendance.

As of December 31, 2015, the principal officers of the Company were as follows:

Name	Title
Timothy A. Walsh	President and Chief Executive Officer

Victoria M. Stanton	Executive Vice President, General Counsel and Secretary
Michele M. Bartkowski	Senior Vice President, Chief Financial Officer, and Treasurer

B. Territory and Plan of Operation

As of December 31, 2015, the Company was licensed to write business in fourteen states.

Connecticut	Missouri	Rhode Island
Delaware	New Hampshire	Vermont
Maine	New Jersey	Virginia
Maryland	New York	West Virginia
Massachusetts	Pennsylvania	

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
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
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity
26(B)	Motor vehicle lessee/debtor gap insurance

The Company is also authorized to transact such workers’ compensation insurance as may be incident to coverages contemplated under paragraphs 20 and 21 of Section 1113(a), including insurances described in the Longshore and Harbor Workers’ Compensation Act (Public Law No. 803, 69 Cong. as amended; 33 USC Section 901 et seq. as amended).

Based on the lines of business for which the Company is licensed, 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 $4,000,000.

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 State as a percentage of Total Premiums
2012	$147,037,771	$378,634,900	38.83%
2013	$146,380,593	$382,409,328	38.28%
2014	$145,386,073	$389,432,206	37.33%
2015	$145,942,165	$376,110,308	38.80%

The largest lines of business for FFCIC are workers' compensation, commercial auto liability and other liability-occurrence, which account for 14.5%, 12.6% and 12.4%, respectively of the Company's 2015 direct premiums written. The "Special Farm Package 10" (SFP-10) is considered to be FFCIC's and UFFIC's ("the Pool group") flagship product. This policy is a flexible, multi-line insurance contract that combines property and liability coverages for farm owners and a wide array of other agricultural businesses such as horse breeding and training facilities, nurseries, wineries and greenhouses. Personal auto, the Pool group's second largest line of business is generally marketed in conjunction with other lines. The Pool group also offers business owners, artisan contractors, commercial automobile and workers' compensation products. Rounding out the primary product portfolio are commercial and personal umbrella policies, commercial general liability and a small number of claims-made pollution policies for farm risk.

At December 31, 2015, the Company wrote business primarily through career (exclusive) agents.

C. Reinsurance

Assumed Reinsurance

Assumed reinsurance accounted for approximately 17% of the Company’s gross premium written as of December 31, 2015. Approximately 89% of the Company’s assumed premium is attributable to the pooling agreement with the Company’s affiliate, UFFIC. The remainder of the Company’s assumed premiums are from certain mandated pools and associations. During the period covered by this examination, the Company’s assumed reinsurance business has increased since the last examination. The Company utilizes reinsurance accounting as defined in Statement of Statutory Accounting Principle ("SSAP") No. 62R for all of its assumed reinsurance business.

Pooling Agreement

Effective January 1, 2004 the Company entered into a pooling agreement with UFFIC. Under the terms of the agreement, UFFIC cedes 100% quota share of its assumed and direct business to the Company, net of any external reinsurance. The Company then retrocedes 2% quota share of its net direct and assumed business to UFFIC. The pooling agreement allocation percentages have remained unchanged since inception, however, the agreement was amended effective March 5, 2010 modifying the terms of the provision relating to cash calls. Both the agreement and subsequent amendment were non-objected to by the Department in letters dated June 29, 2004 and March 5, 2010 pursuant to the requirements of Section 1505(d) (2) of the New York Insurance Law.

Ceded reinsurance

The property and casualty members of the ANICO group purchase external reinsurance to manage catastrophe and other exposures on a combined basis, whereby the companies share limits and retentions. The group’s reinsurance agreements are primarily excess of loss contracts, which are principally categorized as Corporate Catastrophe, Regional Covers, and Working Layers. The reinsurance agreements are placed with multiple reinsurers in multiple layers through the reinsurance intermediary/broker, Aon Benfield, Inc.

The group has structured its ceded reinsurance program as of December 31, 2015, as follows:

Type of Treaty	Cession
Working Layers	
Multiple Line Excess of Loss	Property Business: $5 million excess $1 million any one risk, each loss; limit $10 million per occurrence. Terrorism: $5 million excess $1 million any one risk each loss; limit $10 million in all during the term of the contract and any runoff period. Casualty Business: $5 million excess $1 million per occurrence ($6 million as respects any one occurrence involving at least one $2 million per occurrence policy issued by the Company in accordance with this contract). As respects all Workers Compensation losses arising out of acts of terrorism $5 million excess $1 million; limit $20 million as respects all Workers Compensation losses during the term of the contract and any runoff period. Pollution Liability: $5 million excess $1 million any one policy, each pollution incident; limit $5 million as respects all losses arising out of all pollution liability policies involved in all pollution incidents reported during the term of this contract and any runoff period.
Property Excess per Risk	$14 million excess $6 million any one risk, each loss any one loss occurrence; limit $49 million during the term of the contract (or during any runoff period). Liability of the reinsurer for losses arising out of acts of terrorism or toxic mold shall not exceed $ 14 million in all during the term of the contract or any runoff period.
Excess Casualty Clash (4 layers)	$54 million excess $6 million ultimate net loss per occurrence; limit $108 million during the term of the contract (or during any runoff period). Liability of the reinsurer for all Workers Compensation losses arising out of acts of terrorism shall not exceed $54 million in all during the term of the contract or any runoff period; Liability of the reinsurer for all toxic mold related losses shall not exceed 54 million in all during the term of the contract or any runoff period. (Note: For all layers above as respects any one occurrence involving at least one $2 million per occurrence policy issued by the Company in accordance

Type of Treaty	Cession
	with the contract the Company's retention for each excess layer shall be increased by $1 million).
Regional Covers	
Earthquake Property Catastrophe Excess of loss	100% of $25 million in excess of $10 million ultimate net loss each loss occurrence (two or more risks involved.
Property Catastrophe Excess of loss (Northeastern States)	66.67% of $25 million in excess of $10 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (Southeastern States)	66.67% of $25 million in excess of $10 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (TX, AR,OK)	66.67% of $25 million in excess of $10 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (American National-A)	30.50% of $25 million in excess of $10 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (American National-B)	45.2125% of $20 million in excess of $15 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (Stretch & Aggregate)	$35 million or 8.75% part of $400 million in excess of $100 million ultimate net loss each loss occurrence
	$35 million in excess of $5 million excess of $45 million aggregate incurred excess losses ultimate net loss each loss occurrence
Aggregate Property Catastrophe Excess	97.5% of $30 million in excess of $90 million aggregate subject ultimate net loss arising out of loss occurrence commencing during the term of the contract
Corporate Catastrophe (3 layers)	
Layers 1 & 2	60% of $165 million excess $35 million ultimate net loss per occurrence; limit $330 million during the term of the contract (or during any runoff period).
Layer 3	62.5% of $300 million excess $200 million ultimate net loss per occurrence; limit $600 million during the term of the contract (or during any runoff period).
Property Catastrophe Excess Stretch Reinstatable	25% of $465 million excess of $35 million ultimate net loss per occurrence.

Type of Treaty	Cession
Property Catastrophe Excess Stretch Single Shot	12.5% of $465 million excess of $35 million ultimate net loss per occurrence.

It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized reinsurers. The Company's controls relative to obtaining letters of credit and trust accounts to take credit for cessions to unauthorized reinsurers were reviewed and were found to be appropriate and strong. It is important to note that there were no significant reinsurance recoverables from unauthorized reinsurers.

All significant ceded reinsurance agreements in effect as of the examination date were reviewed for required and standard clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law. No exceptions were noted.

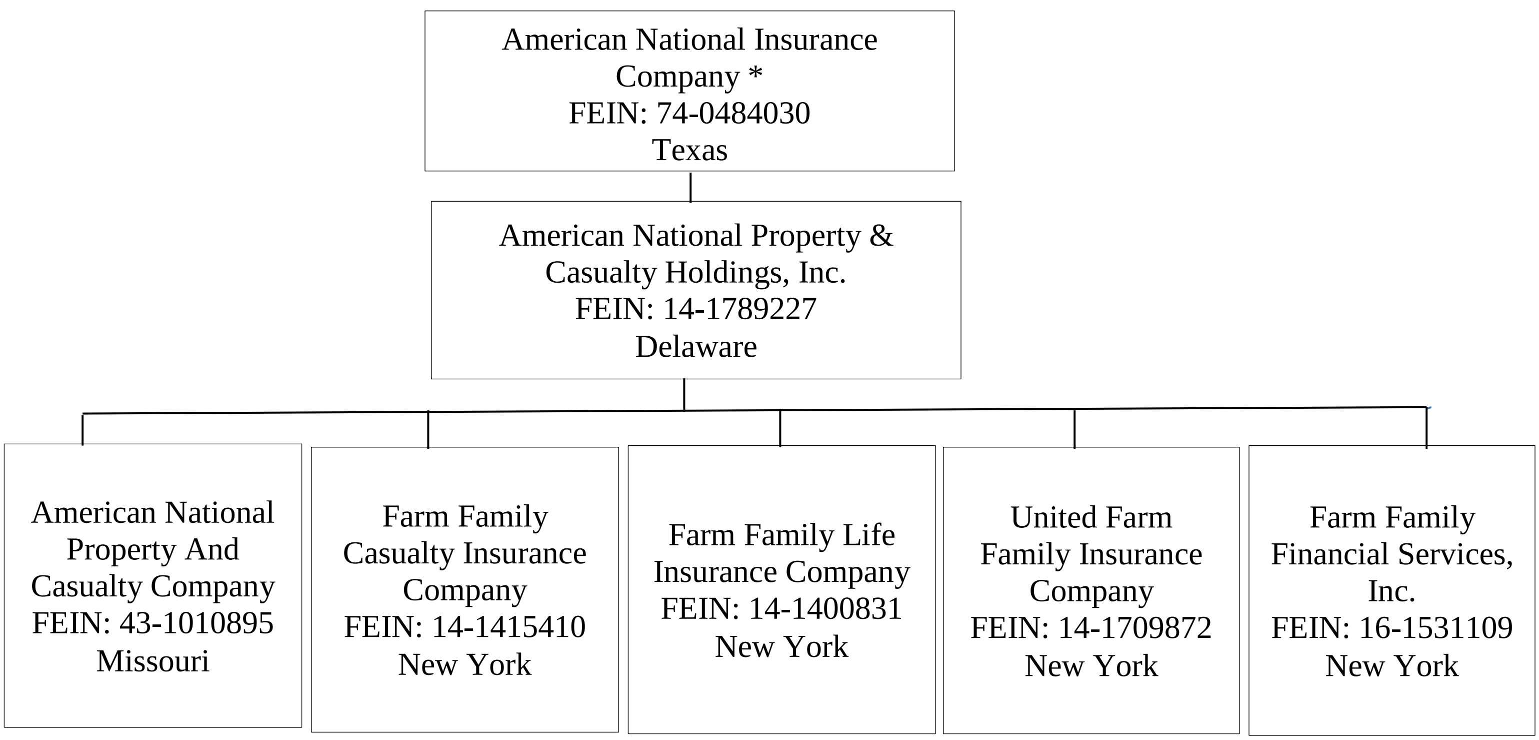
The examination review of Schedule F data, reported by the Company in its filed annual statement, was found to accurately reflect its material reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in SSAP No. 62R. Representations were supported by an attestation from the Company's Chief Executive Officer and Chief Financial Officer. 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. 62R.

D. Holding Company System

The Company is a wholly-owned subsidiary of ANPAC Holdings. All of the outstanding common stock of ANPAC Holdings is directly owned by ANICO. The ultimate controlling persons of the Company are The Libbie S. Moody Trust, and The Moody foundation which owned 36.99 percent 22.79 percent, respectively of ANICO.

A review of the Holding Company Registration Statements filed with this Department indicated that such filings were complete and were filed in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

The following is an abridged chart of the holding company system at December 31, 2015:



* The Libbie S. Moody Trust and The Moody foundation own 36.99% and 22.79%, respectively of ANICO.

As of December 31, 2015, the Company was party to the following agreements with other members of its holding company system:

Net Pooling Reinsurance Agreement

Refer to section 2.C. of this report for a description of the Net Pooling Reinsurance Agreement between the Company and United Farm Family Insurance Company.

Service Agreement with United Farm Family Insurance Company

Effective July 25, 1988, the Farm Family Mutual Insurance Company (predecessor in interest to the Company) entered into a service agreement with UFFIC. The agreement provides that the Company will perform certain administrative and special services for UFFIC and allows UFFIC to make use of its facilities. UFFIC reimburses the Company for all directly allocable expenses, reasonably and equitably determined to be attributable to UFFIC, plus a reasonable overhead charge determined periodically by the parties. The review of the allocation of expenses between the parties revealed that the charges appeared reasonable and in accordance with the requirements of Department Regulation No. 30.

This agreement predates April 6, 1999, the date Farm Family Life Insurance Company and UFFIC were acquired by Farm Family Holdings, Inc. and as such the agreement was not subject to the filing requirements of Section 1505 of the New York Insurance Law. The agreement was subsequently filed with this Department in July 2001 and was non-disapproved by the Department.

Amended and Restated Mortgage Loan and Real Estate Investment Services Agreement

The Company originally entered into this mortgage loan and real estate investment services agreement with UFFIC and ANICO effective June 1, 2001. Under the terms of the amended and restated agreement, effective March 11, 2010, ANICO agrees to solicit and underwrite proposed mortgage loans deemed by ANICO to be suitable mortgage loan investments for the Company and UFFIC and consistent with an Investment Plan approved by Company and UFFIC’s Board of Directors.

The amended and restated agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-objected to by the Department.

Amended and Restated Service Agreement with ANICO

The Company originally entered into this administrative services agreement with ANICO effective April 10, 2001. Pursuant to the terms of the amended and restated agreement dated June 24, 2009 FFCIC and ANICO shall perform for each other and their respective affiliates as each company may request, certain services necessary to conduct their respective insurance operations.

The amended and restated agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-objected to by the Department.

Amended and Restated Service Agreement with American National Property and Casualty Company ("ANPAC")

The Company first entered into this administrative services agreement with ANPAC on April 10, 2001. That agreement was amended and restated effective July 1, 2005. Pursuant to the terms of the amended and restated agreement, FFCIC and ANPAC shall perform (either directly or through subcontracts with third parties) for each other as each company may request, certain services necessary in the conduct of their insurance operations.

This amended and restated agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-objected to by the Department.

Amended and Restated Investment Advisory Agreement

The Company and UFFIC entered into an investment advisory agreement with ANICO dated August 1, 2001. That agreement was amended and restated effective November 7, 2006, and March 11, 2010. Pursuant to the terms of the March 11, 2010 amended and restated agreement, ANICO shall act as the investment adviser and shall manage their investment portfolios in compliance with the laws and regulations of the State of New York. The agreement further states that the performance of services by ANICO as adviser pursuant to the agreement shall in no way impair the absolute control of the business and operations of FFCIC or UFFIC by their respective Boards of Directors.

This amended and restated agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-objected to by the Department.

Tax Allocation Agreement

The Company participates in a tax payment allocation agreement with its ultimate parent ANICO and American National Property and Casualty Holdings, Inc. for taxable years beginning January 1, 2008. This agreement provides that the tax charge or refund to the Company shall be the amount the Company would have paid or received if it had filed on a separate return basis with the Internal Revenue Service. The review of the agreement revealed that it is in compliance with Department Circular Letter No. 33 (1979).

The agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-objected to by the Department.

Service Agreement with Farm Family Financial Services

The Company entered into an administrative services agreement with Farm Family Financial Services Inc. ("FFFS") effective October 1, 1997, whereby the Company performs certain administrative and special services for FFFS and makes available its facilities to FFFS as FFFS determines to be reasonably necessary to conduct its operations. This agreement was revised per Amendment No. 1, effective January 1, 1999, to change the fees to be charged by the Company to FFFS.

This agreement and its amendment were filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and were non-objected to by the Department.

Lease Agreement

The Company is a party to a lease agreement with Farm Family Life Insurance Company ("FFLIC') as landlord. The agreement was initially made effective January 1, 1999 through December 31, 2000 with an exercised option to renew for two additional years upon expiration of the initial lease term. This agreement has since been amended five times with the most recent amendment being effective January 1, 2015, to extend the end date of the lease to December 31, 2019. The lease stipulates that the Company rents office and storage spaces in the Glenmont, New York location of the home office building of the landlord.

This agreement, including the amendments, were filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and were non-objected to by the Department.

Amended and Restated Expense Sharing Agreement with FFLIC and ANPAC Holdings, Inc. (f/k/a Farm Family Holdings, Inc.)

The Company is a party to an amended and restated expense sharing agreement with affiliates Farm Family Life Insurance Company and ANPAC Holdings, Inc., made effective October 30, 2001. The agreement provides for the sharing of certain expenses among the parties and defines the methods to be used for allocating such expenses.

The review of the allocation of expenses among the parties revealed that the charges appeared reasonable and in accordance with the requirements of Department Regulation No. 30.

This agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law.

Renewal Note with ANPAC Holdings, Inc.

Effective December 31, 2011, the Company entered into a renewal note with its immediate parent (note holder) ANPAC Holdings for a $10 million (principal amount), revolving line of credit. Under the terms of the note, the Company has agreed to pay ANPAC Holdings: (i.) an annual fee of 0.125% of the face amount, provided that the annual fee for December 31, 2013 shall be prorated in recognition of the maturity date of July 1, 2014; and (ii) a fee calculated and accrued monthly, and paid at the end of each calendar quarter, equal to an annualized one-quarter percent (0.25%) of the difference between the face amount and the amount of principal outstanding.

The renewal note was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-objected to by the Department.

Administrative Services Agreement between Farm Family Casualty Insurance Company and American National Life Insurance Company of New York ("ANLICONY")

The Company entered into an administrative services agreement with American National Life Insurance Company of New York effective January 4, 2010, whereby the Company performs certain administrative and other special services for ANLICONY and makes available its facilities to ANLICONY as ANLICONY determines to be reasonably necessary to conduct its operations.

Management indicated that the agreement was filed with the Life Bureau of the Department as an exhibit to the Plan of Operations for ANLICONY, which was filed as part of the standard Uniform

Certificate of Authority Application. The agreement was subsequently filed with the Department's Property Bureau and was non-disapproved.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2015, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	108%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	67%
Premiums in course of collection to surplus as regards policyholders	5%

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 four-year period covered by this examination:

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$1,105,102,972	73.57%
Other underwriting expenses incurred	449,766,203	29.94
Net underwriting loss	(52,783,631)	(3.51)
Premiums earned	$1,502,085,544	100.00%

F. Accounts and Records

Compliance With Prior Report Recommendation: Timely update of bank account signatory cards

The review and test of the Company's corrective action to the prior report recommendation found that two individuals who resigned/retired in May 2015 were still listed as signors in September 2016.

Based on the foregoing, the examiner has determined that the signatory cards were not updated in a timely manner and therefore the Company did not comply with the above prior report recommendation.

It is again recommended that the Company update in a timely manner all signatory cards for all of its bank accounts to reflect changes in authorization approved by the board of directors.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2015 as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$ 832,336,681		$ 832,336,681
Preferred stocks (stocks)	1,636,377		1,636,377
Common stocks (stocks)	90,022,118		90,022,118
Cash, cash equivalents and short-term investments	42,547,946		42,547,946
Other invested assets	2,779,873		2,779,873
Receivables for securities	372,338		372,338
Investment income due and accrued	8,761,541		8,761,541
Uncollected premiums and agents' balances in the course of collection	20,361,976	$ 1,594,298	18,767,678
Deferred premiums, agents' balances and installments booked but deferred and not yet due	68,217,866	278,361	67,939,505
Amounts recoverable from reinsurers	8,431,312		8,431,312
Net deferred tax asset	14,569,472		14,569,472
Receivables from parent, subsidiaries and affiliates	4,123,993		4,123,993
Equities and deposits in pools and associations	1,799,475		1,799,475
Guaranty association receivables	995,545		995,545
Other receivables	1,928,809	532,499	1,396,310
Accounts receivable	6,981	0	6,981
Prepaid pension cost	4,524,354	4,524,354	0
Overfunded pension plan asset	(4,524,354)	(4,524,354)	0
Prepaid expense	391,694	391,694	0
Employee and agents balances	168,757	168,757	0
Agents finance plan receivable	141,707	141,707	0
Total assets	$1,099,594,461	$3,107,316	$1,096,487,145

Liabilities, surplus and other funds

		Examination
Liabilities		
Losses and loss adjustment expenses		$475,929,901
Reinsurance payable on paid losses and loss adjustment expenses		2,176,952
Commissions payable, contingent commissions and other similar charges		4,409,567
Other expenses (excluding taxes, licenses and fees)		5,121,737
Taxes, licenses and fees (excluding federal and foreign income taxes)		4,307,159
Current federal and foreign income taxes		3,505,351
Unearned premiums		198,221,997
Advance premium		6,058,044
Ceded reinsurance premiums payable (net of ceding commissions)		(1,667,634)
Funds held by company under reinsurance treaties		4,826
Amounts withheld or retained by company for account of others		1,606,148
Remittances and items not allocated		28,829
Provision for reinsurance		277,000
Payable to parent, subsidiaries and affiliates		10,614,728
Payable for securities		6,455,948
Underfunded postretirement plan		1,175,322
Uncashed check reserve		1,033,847
Underfunded pension plan		755,212
Total liabilities		$720,014,934
Surplus and other funds		
Common capital stock	$ 3,606,205	
Gross paid in and contributed surplus	71,776,893	
Unassigned funds (surplus)	301,089,113	
Surplus as regards policyholders		376,472,211
Total liabilities, surplus and other funds		$1,096,487,145

Note: The Internal Revenue Service is currently auditing the Company’s consolidated Federal Income Tax returns for tax years 2006 through tax year 2008. No material adjustments were made or proposed subsequent to the date of examination and arising from said audits, are reflected in the financial statements included in this report. 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

Net income for the four-year examination period, January 1, 2012 through December 31, 2015, as reported by the Company was $83,546,747, detailed as follows:

Underwriting Income		
Premiums earned		$1,502,085,544
Deductions:		
Losses and loss adjustment expenses incurred	$1,105,102,972	
Other underwriting expenses incurred	449,766,203	
Total underwriting deductions		1,554,869,175
Net underwriting gain or (loss)		$ (52,783,631)
Investment Income		
Net investment income earned	$134,315,079	
Net realized capital gain	5,682,707	
Net investment gain or (loss)		139,997,786
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$(3,347,899)	
Finance and service charges not included in premiums	8,744,444	
Miscellaneous income	1,764,263	
Total other income		7,160,808
Net income before federal and foreign income taxes		$ 94,374,963
Federal and foreign income taxes incurred		10,828,216
Net income		$83,546,747

C. Capital and Surplus Account

Surplus as regards policyholders as reported by the Company increased $83,254,663 during the four-year examination period January 1, 2012 through December 31, 2015, detailed as follows:

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders per report on examination as of December 31, 2011			$293,217,548
Net income	$ 83,546,747		
Net unrealized capital gains or (losses)	16,464,838		
Change in net deferred income tax		$2,400,482	
Change in nonadmitted assets	15,252,986		
Change in provision for reinsurance		277,000	
Cumulative effect of changes in accounting principles		926,022	
Dividends to stockholders		30,000,000	
Change in deferred tax on nonadmitted items		1,040,780	
Change in underfunded pension plan net of deferred tax	4,108,377		
Change in retiree pension plan minimum liability	214,088		
Prior year adjustment other than temporary impairment		291,218	
Prior year adjustment NWCRP reserve	0	1,396,871	
Net increase (decrease) in surplus	$119,587,036	$36,332,373	83,254,663
Surplus as regards policyholders per report on examination as of December 31, 2015			$376,472,211

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $475,929,901 is the same as reported by the Company as of December 31, 2015. 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").

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	It was recommended that the Company include the above referenced language from Department Circular Letter No. 5 (1988) in all reinsurance contracts which make reference to a novation.	11
	The Company has complied with this recommendation.	
	It was recommended that in future filings the Company comply with the annual statement instructions and complete Schedule F with data that accurately reflects its reinsurance transactions.	11
	The Company has complied with this recommendation	
B.	It was recommended that the Company update in a timely manner all signatory cards for all of its bank accounts to reflect changes in authorizations approved by the Board.	19
	The Company has not complied with this recommendation. A similar comment is included in this report.	

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Accounts and records	
	It is again recommended that the Company update in a timely manner all signatory cards for all of its bank accounts to reflect changes in authorizations approved by the Board.	17

Respectfully submitted,

____
Lamin Jammeh
Senior Insurance Examiner

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

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

____
Lamin Jammeh

Subscribed and sworn to before me

this__________ day of ____________________, 2017.

APPOINTMENT NO. 31396

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **Shirin Emami**, Acting 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:*

Lamin Jammeh

as a proper person to examine the affairs of the

Farm Family Casualty 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 January, 2016

Shirin Emami
Acting Superintendent of Financial Services

By:

Eileen Fox
Assistant Chief Examiner