

REPORT ON EXAMINATION

OF THE

UPPER HUDSON NATIONAL INSURANCE COMPANY

AS OF

DECEMBER 31, 2011

DATE OF REPORT

MARCH 8, 2013

EXAMINER

FE ROSALES, C.F.E.

## TABLE OF CONTENTS

<u>ITEM NO.</u>		<u>PAGE NO.</u>
1	Scope of examination	2
2.	Description of Company	3
	A. Management	4
	B. Territory and plan of operation	6
	C. Reinsurance	7
	D. Holding company system	8
	E. Significant operating ratios	10
	F. Accounts and records	11
	G. Information technology controls	12
3.	Financial Statements	13
	A. Balance sheet	13
	B. Statement of income	14
4.	Real estate investment	16
5.	Losses and loss adjustment expenses	16
6.	Compliance with prior report on examination	17
7.	Summary of comments and recommendations	18



NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Benjamin M. Lawsky  
Superintendent

March 8, 2013

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 30879 dated September 6, 2012, attached hereto, I have made an examination into the condition and affairs of Upper Hudson National Insurance Company as of December 31, 2011, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Upper Hudson National 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 administrative office located at 195 Lake Louise Marie Road, Rock Hill, NY 12775.

## 1. SCOPE OF EXAMINATION

The Department has performed an individual examination of the Company, a multi-state insurer. The previous examination was conducted as of December 31, 2006. This examination covered the five-year period from January 1, 2007 through December 31, 2011. 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. 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**

The Company was incorporated under the laws of the State of New York on December 27, 1973 as the Marine Indemnity Insurance Company of America, and initially commenced operations on January 1, 1974.

On January 17, 2006, the Company was acquired by Upper Hudson Holdings, LLC, now known as Cinium Financial Services Corporation (“CFSC”), a non-insurance business holding company and commenced operations in September 2006. Prior to the acquisition, the Company had not written any policies since 2001.

Capital paid in is \$3,290,000 consisting of 9,400 shares of \$350 par value per share common stock. Gross paid in and contributed surplus is \$5,940,560. Gross paid in and contributed surplus increased by \$1,409,000 during the examination period, as follows:

<u>Year</u>	<u>Description</u>	<u>Amount</u>
2007	Beginning gross paid in and contributed surplus	\$4,531,560
2009	Surplus contribution	\$375,000
2010	Surplus contribution	834,000
2011	Surplus contribution	<u>200,000</u>
	Total surplus contributions	<u>\$1,409,000</u>
2011	Ending gross paid in and contributed surplus	<u>\$5,940,560</u>

As noted above, the Company received capital contributions totaling \$1,409,000 in 2009, 2010 and 2011 from its ultimate parent Cinium Financial Services Corporation. Pursuant to Section 1505(d)(1) of the New York Insurance Law, the 2011 transaction was submitted to the Department and was non-disapproved on April 4, 2011. However, the 2009 and 2010 transactions were not submitted to the Department. Additionally, the 2010 capital contribution represented more than 5% of the Company’s admitted assets at December 31, 2009. Pursuant to Section 1505(c) of the New

York Insurance Law, the superintendent's prior approval is required for transactions between a domestic controlled insurer and any person in its holding company system involving 5% or more of the insurer's admitted assets at last year-end. It is recommended that the Company comply with the requirements of Section 1505(c) of the New York Insurance Law.

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 13 nor more than 21 members. At a meeting held on October 19, 2011, the board approved a reduction to the minimum number of required directors from 13 down to 7; however, as of the date of this report, the Company has not completed the process of amending its by-laws to reflect this change. It is recommended that the Company comply at all times with its by-laws and amend its by-laws before implementing any changes thereto.

During 2007, the board of directors met fourteen times; in 2009, the board did not meet at all due to the Company's limited activities and minimal premium writings that year; and in 2008, 2010 and 2011, the board met one time each year.

At December 31, 2011, the board of directors was comprised of the following seven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Donald Appel Thompsonville, NY	Treasurer and Vice President, Accounting, Upper Hudson National Insurance Company & Cinium Financial Services Corporation
Robert Berman New Hope, PA	Chief Underwriting Officer - Contract Bonds, Upper Hudson National Insurance Company President and Chief Executive Officer, Cinium Financial Services Corporation
Jeffrey Camp Miami, FL	Chief Underwriting Officer – Commercial Bonds, Upper Hudson National Insurance Company Chief Financial Officer, Cinium Financial Services Corporation
Lewis Klugman Parksville, NY	Insurance Broker, Klugman Associates

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Dennis Vacco Boston, NY	Attorney, Lippes, Mathias, Wexler, Friedman, LLP
Andrew Wohl Monticello, NY	Senior Vice President, Cinium Financial Services Corporation
Robert Wong Monticello, NY	President, Upper Hudson National Insurance Company Executive Vice President and Chief Operating Officer, Cinium Financial Services Corporation

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, 2011, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Robert Wong	President
Jeanne McKean	Secretary & Chief Compliance Officer
Donald Appel	Treasurer & Vice President - Accounting
Robert Berman	Chief Underwriting Officer, Contract Bonds
Jeffrey Camp	Chief Underwriting Officer, Commercial Bonds
John Hillman	Vice President - Claims

#### Conflict of Interest

The Company has an established procedure for disclosure to its board of directors of any material interest or affiliation on the part of its officers, directors, trustees or responsible employees that is likely to conflict with the official duties of such person.

However, for all of the years under examination none of the directors and officers had a signed conflict of interest statement on file.

It is recommended that the Company comply with their own internal policy by ensuring that senior management and directors sign the annual conflict of interest statements in a timely manner.

B. Territory and Plan of Operation

As of December 31, 2011, the Company was licensed to write business in New York and in fifteen other states. As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
4	Fire
5	Miscellaneous property
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
29	Legal services

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 \$1,900,000.

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 Premiums</u>
2007	\$ 27,449	\$ 348,036	7.89%
2008	\$228,006	\$ 575,004	39.65%
2009	\$ 2,568	\$ 10,795	23.79%
2010	\$160,391	\$ 242,371	66.18%
2011	\$232,783	\$2,207,994	10.54%

In July 2007, the Company began writing surety policies, including small and medium sized contract bonds as well as small commercial/miscellaneous bonds. However, the Company suspended writing new business in 2009 pending the receipt of additional capital.

Beginning in 2010, the Company increased its marketing activities in order to resume writing new business. The Company currently relies on its affiliate agency, Cinium Underwriter Services Group, LLC [doing business as Ox Bonding Insurance Services (“Ox Bonding”)], as its primary source of distribution. Under a general agency agreement approved by the Department, Ox Bonding generates surety business for the Company by marketing the Company’s contract and commercial surety bond programs. Ox Bonding markets directly to small to midsize businesses and individuals who are in need of surety bonds. The agency also administers distribution through sub-producers with whom it has entered into sub-producer agreements.

C. Reinsurance

During the period covered by this examination the Company did not assume any reinsurance business.

The Company has structured its ceded reinsurance program as follows:

Excess of Loss Reinsurance

First Layer 73% Authorized	\$900,000 Ultimate Net Loss each and every Loss, any one client and/or client group in excess of \$600,000 ultimate net loss each and every loss, any one client and/or client group.
Second Layer 73% Authorized	\$1,500,000 Ultimate Net Loss each and every Loss, any one client and/or client group in excess of \$1,500,000 ultimate net loss each and every loss, any one client and/or client group.

The ceded reinsurance agreement in effect as of the examination date was reviewed. Except as noted herein, this contract was found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

The Company’s ceded reinsurance contract does not contain an errors and omissions clause. This clause can protect the ceding company from losing protection as a result of inadvertent and unintentional errors and omissions in ceding risks.

It is recommended that all reinsurance agreements entered into by the Company include an errors and omissions clause.

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. 62R. Representations were supported by appropriate risk transfer analyses and an attestation from the Company's President 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. 62R.

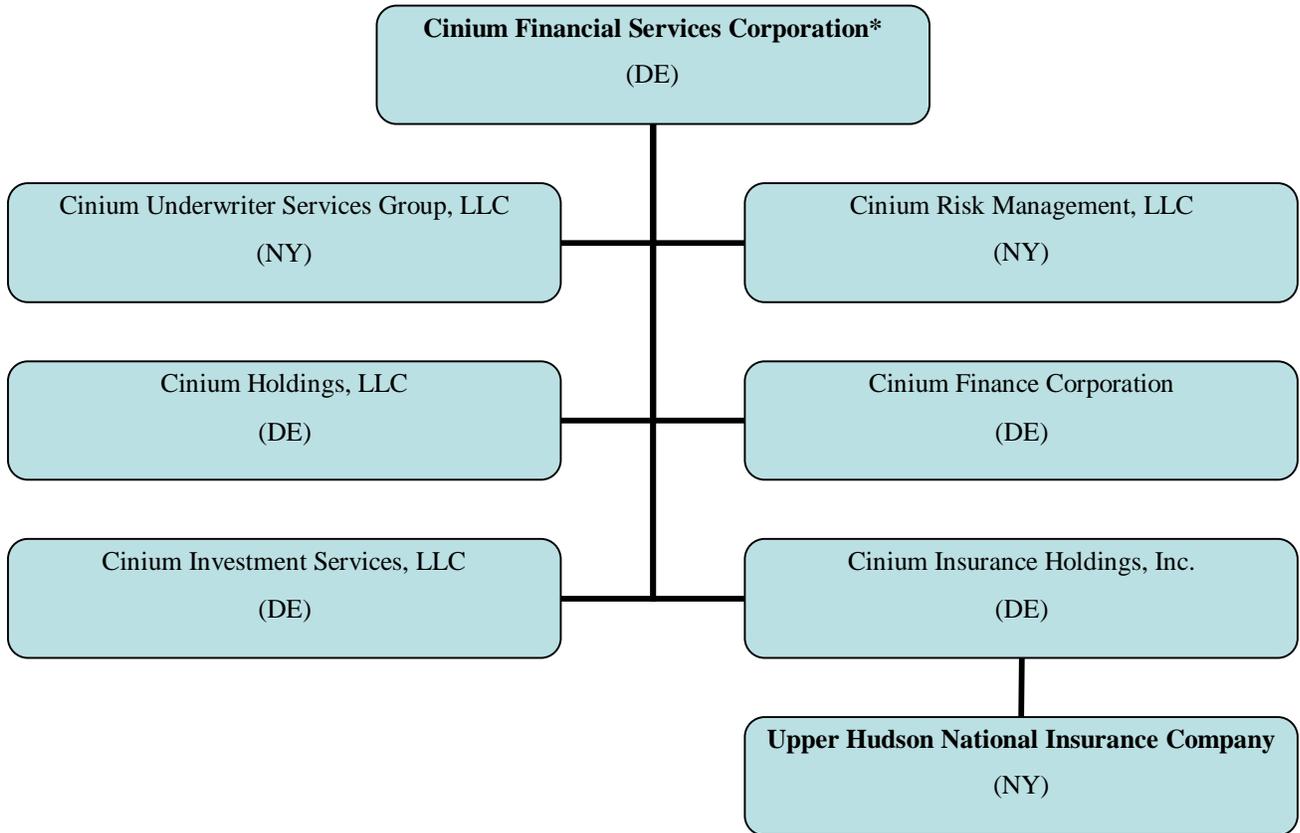
During the period covered by this examination, the Company commuted one reinsurance agreement where it was a ceding reinsurer. This commutation was neutral to the Company's surplus position.

D. Holding Company System

The Company is a wholly-owned subsidiary of Cinium Insurance Holdings, Inc., a Delaware corporation, which is ultimately controlled by Cinium Financial Services Corporation, also a Delaware corporation.

Pursuant to Part 80-1.4 of New York Regulation 52, all controlled insurers are required to file an annual holding company registration statement (Form HC-1) within 120 days following the end of its ultimate holding company's fiscal year. During the examination period, the Company did not file Form HC-1, except for the filing made for the 2008 statement. The review of the 2008 statement indicated that it was not filed in a timely manner as it was filed in July 2009. 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.

The following is a chart of the holding company system at December 31, 2011:



At December 31, 2011, the Company was party to the following agreements with other members of its holding company system:

Cost Allocation Agreement

Effective April 1, 2011, the Company entered into a cost allocation agreement with Cinium Holdings, LLC and Cinium Underwriter Services Group, LLC (collectively, the "Companies"). Pursuant to the agreement, the Companies will share certain services, including, but not limited to, the services of its personnel, office space, vendor contracts for shared services and use of equipment, as long as such arrangement does not impede the operations of the Company. This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law.

Tax Allocation Agreement

Effective April 1, 2011, the Company became a party to a consolidated federal income tax allocation agreement with its ultimate parent, Cinium Financial Services Corporation, and other members of the holding company system: Cinium Holdings, LLC, Cinium Insurance Holdings, Inc., Cinium Underwriter Services Group, LLC, Cinium Risk Management, LLC and Aware License Protection Services, LLC. Pursuant to the terms of the agreement the companies agree to participate in the filing of a consolidated federal income tax return. This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law.

General Agency Agreement

Effective August 16, 2010, the Company entered into a general agency agreement with Cinium Underwriters Services Group, LLC ("CUSG", formerly known as Hudson Underwriters Services Group, LLC) whereby the Company appoints CUSG as its underwriting manager to solicit business directly or through such other brokers, agents, or agencies as it shall appoint subject to the approval of the Company and to service such surety bonds and to collect premiums. This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2011, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	36%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	44%
Premiums in course of collection to surplus as regards policyholders	0%

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	\$ 194,488	14.50%
Other underwriting expenses incurred	3,674,133	273.86
Net underwriting loss	<u>(2,527,004)</u>	<u>(188.36)</u>
Premiums earned	<u>\$1,341,617</u>	<u>100.00%</u>

The high other underwriting expenses incurred during the examination period were due to the fact that the Company ceased writing new business in July 2007, but incurred underwriting expenses including hiring of staff, rental of additional space and equipment, relating to the subsequent establishment and expansion of the Company's surety program beginning in 2010.

F. Accounts and Records

The review of the Notes to the Financial Statement ("Notes") of the 2011 annual statement revealed that the following items were not accurately stated:

a) Note 9F – Consolidated Income Tax Returns

It is indicated in the Notes that 'the Company does not file a consolidated return.' This is incorrect as the Company is a party to a tax allocation liability agreement which states that the parties will file consolidated federal income tax returns starting with the 2011 tax year.

## b) Note 10B – Details of Transactions Greater than ½ of 1% of Admitted Assets

It is indicated 'None' in the Notes. This is also incorrect as there was a \$200,000 surplus contribution from the Company's parent, Cinium, in 2011, which is greater than ½ of 1% of admitted assets.

## c) Note 10F – Cost Sharing Arrangements

Three entities listed in the Notes as participating in a cost sharing agreement (Cinium Financial Services Corp., Cinium Insurance Holdings, Inc. and Cinium Risk Management) are not named parties to the executed cost sharing agreement and do not participate in any cost sharing arrangement.

It is recommended that the Company take proper care when completing the annual statement filed with the Department.

G. Information Technology Controls

A risk-focused assessment and review of the Company's Information Technology ("IT") general controls was performed in accordance with NAIC requirements as outlined in the Examiners' Handbook. As a result of the review, numerous deficiencies were noted regarding controls over IT governance, legal and operations.

It is recommended that the Company strengthen its controls over IT governance, legal and operations.

### 3. FINANCIAL STATEMENTS

#### A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2011 as determined by this examination and as reported by the Company:

<u>Assets</u>	<u>Examination</u>		<u>Company</u>		Surplus Increase (Decrease)
	<u>Assets</u>	Assets Not <u>Admitted</u>	Net Admitted <u>Assets</u>	Net Admitted <u>Assets</u>	
Common stocks	\$ 537,057	\$ 0	\$ 537,057	\$ 537,057	\$ 0
Mortgage loans on real estate – First liens	400,000		400,000	400,000	0
Real estate properties held for sale	1,031,595	954,962	76,633	1,031,595	(954,962)
Cash, cash equivalents and short-term investments	6,649,430		6,649,430	6,649,430	
Investment income due and accrued	<u>160</u>	<u>0</u>	<u>160</u>	<u>160</u>	<u>0</u>
Total assets	<u>\$8,618,242</u>	<u>\$954,962</u>	<u>\$7,663,280</u>	<u>\$8,618,242</u>	<u>\$(954,962)</u>
<u>Liabilities and surplus</u>	<u>Examination</u>		<u>Company</u>		Increase (Decrease)
Losses and loss adjustment expenses		\$ 182,542		\$ 182,542	\$ 0
Other expenses (excluding taxes, licenses and fees)		25,083		25,083	0
Taxes, licenses and fees (excluding federal and foreign income taxes)		55,200		55,200	0
Unearned premiums		1,077,818		1,077,818	0
Amounts withheld or retained by company for account of others		1,692,554		1,692,554	0
Remittances and items not allocated		9,800		9,800	0
Payable to parent, subsidiaries and affiliates		<u>100,573</u>		<u>100,573</u>	<u>0</u>
Total liabilities		<u>\$3,143,570</u>		<u>\$3,143,570</u>	<u>\$ 0</u>
Common capital stock		\$3,290,000		\$3,290,000	\$ 0
Gross paid in and contributed surplus		5,940,560		5,940,560	0
Unassigned funds (surplus)		<u>(4,710,850)</u>		<u>(3,755,888)</u>	<u>(954,962)</u>
Surplus as regards policyholders		<u>\$4,519,710</u>		<u>\$5,474,672</u>	<u>\$(954,962)</u>
Total liabilities and surplus		<u>\$7,663,280</u>		<u>\$8,618,242</u>	<u>\$(954,962)</u>

Note: The Internal Revenue Service (“IRS”) did not audit the Company’s consolidated Federal Income Tax returns during the examination period. Additionally, as of the date of this examination report, the Company has not received any notification from the IRS that an audit is scheduled to begin. 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 decreased \$2,984,069 during the five-year examination period January 1, 2007 through December 31, 2011, detailed as follows:

Underwriting Income

Premiums earned		\$ 1,341,617
Deductions:		
Losses and loss adjustment expenses incurred	\$ 194,488	
Other underwriting expenses incurred	<u>3,674,133</u>	
Total underwriting deductions		<u>3,868,621</u>
Net underwriting gain or (loss)		\$(2,527,004)

Investment Income

Net investment income earned	\$ 403,869	
Net realized capital gain	<u>(542,663)</u>	
Net investment gain or (loss)		\$ <u>(138,794)</u>

Other Income

Net gain or (loss) from agents' or premium balances charged off	\$ 159	
Finance and service charges not included in premiums	113	
Aggregate write-ins for miscellaneous income	<u>1,073</u>	
Total other income		\$ <u>1,345</u>
Net income before dividends to policyholders and before federal and foreign income taxes		<u>\$(2,664,453)</u>
Dividends to policyholders		<u>0</u>
Net income after dividends to policyholders but before federal and foreign income taxes		\$(2,664,453)
Federal and foreign income taxes incurred		<u>0</u>
Net Income		<u><u>\$(2,664,453)</u></u>

Surplus as regards policyholders per report on examination as of December 31, 2006			\$7,503,779
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$ 0	\$2,664,453	
Net unrealized capital gains or (losses)		773,654	
Change in non-admitted assets		954,962	
Surplus adjustments paid in	<u>1,409,000</u>	<u>0</u>	
Total gains and losses	<u>\$1,409,000</u>	<u>\$4,393,069</u>	
Net increase (decrease) in surplus			<u>(2,984,069)</u>
Surplus as regards policyholders per report on examination as of December 31, 2011			<u>\$4,519,710</u>

#### **4. REAL ESTATE INVESTMENTS**

The examination admitted asset for the captioned item of \$76,633 is \$954,962 less than the \$1,031,595 reported by the Company as of the examination date.

The not admitted asset represents an investment in real estate in excess of 1% of the Company's admitted assets, which is a prohibited investment pursuant to Section 1407(a)(2) of the New York Insurance Law, which prohibits investments in:

Obligations secured by real property or real property or interest therein, which are either not eligible under or which exceed the investment limitations under paragraph 4 or 5 of subsection (a) of section 1404 of this article.

Section 1404(a)(5)(B)(i) of the New York Insurance Law stipulates that for real property acquired as an investment for the production of income or to be improved or developed, the cost of each parcel acquired including the estimated cost to the insurer of the improvement or development thereof, shall not exceed 1% of the insurer's admitted assets as shown by its last statement on file with the superintendent.

Further, Section 1412(b) of the New York Insurance Law states: "In determining the financial condition of any such insurer, the value of any wholly ineligible investments, and the value of any investment in excess of any limitation prescribed in this chapter, shall be deducted as a non-admitted asset of such insurer."

It is recommended that the Company comply with Section 1407(a)(2) of the New York Insurance Law by limiting investments in any one real estate property held for sale to one percent of admitted assets. The Company has indicated that it will endeavor to dispose of the real estate investment by the end of 2013.

#### **5. LOSSES AND LOSS ADJUSTMENT EXPENSES**

The examination liability for the captioned items of \$182,542 is the same as reported by the Company as of December 31, 2011. 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.

**6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION**

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

<u>ITEM</u>		<u>PAGE NO.</u>
A.	It was recommended that the Company include the safeguard provisions in any custodial agreements it enters into as required by Part 1, Section IV-J of the NAIC Financial Condition Examiners Handbook.	10

This recommendation is no longer applicable as the only current custodian agreement in place is for the Superintendent's account.

7. **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Capital Contribution</u> It is recommended that the Company comply with the requirements of Section 1505(c) of the New York Insurance Law.	3
B. <u>Management</u>	
i. It is recommended that the Company at all times comply with its by-laws and make the necessary amendments before implementing any change.	4
ii. It is recommended that the Company comply with their own internal policy by ensuring that senior management and directors sign the annual conflict of interest statements in a timely manner.	5
C. <u>Reinsurance</u> It is recommended that all reinsurance agreements entered into by the Company include an errors and omissions clause.	7
D. <u>Holding Company</u> 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.	8
E. <u>Accounts and Records</u> It is recommended that the Company take proper care when completing the annual statement filed with the Department.	11
F. <u>Information Technology and Controls</u> It is recommended that the Company strengthen its controls over IT governance, legal and operations.	12
G. <u>Real Estate</u> It is recommended that the Company comply with Section 1407(a)(2) of the New York Insurance Law by limiting investments in any one real estate property held for sale to one percent of admitted assets.	16

Respectfully submitted,

\_\_\_\_\_/s/  
Fe Rosales, C.F.E.  
Principal Insurance Examiner

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

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

\_\_\_\_\_/s/  
Fe Rosales

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

APPOINTMENT NO. 30879

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:

**Fe Rosales**

as a proper person to examine the affairs of the

**UPPER HUDSON NATIONAL 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.

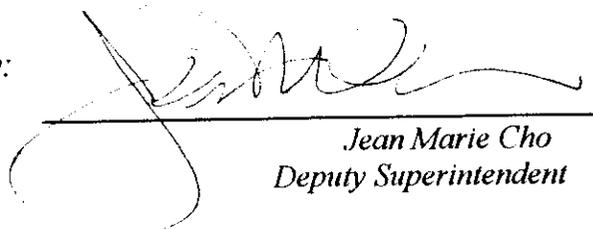
In Witness Whereof, I have hereunto subscribed by name  
and affixed the official Seal of the Department  
at the City of New York

this 6 day of September, 2012

BENJAMIN M. LAWSKY  
Superintendent of Financial Services



By:

  
\_\_\_\_\_  
Jean Marie Cho  
Deputy Superintendent