

REPORT ON EXAMINATION

OF

AMERISTRACK TITLE INSURANCE COMPANY, INC.

AS OF

DECEMBER 31, 2017

DATE OF REPORT

JANUARY 30, 2019

EXAMINER

ILYA ARONOV

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
1. Scope of examination	2
2. Description of Company	3
A. Corporate governance	3
B. Territory and plan of operation	3
C. Reinsurance ceded	4
D. Holding company system	4
3. Financial statements	5
A. Balance sheet	5
B. Statement of income	6
C. Capital and surplus	7
4. Known claims reserves and statutory premium reserve	8
5. Compliance with prior report on examination	8
6. Summary of comments and recommendations	8



Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

September 16, 2020

Honorable Linda A. Lacewell
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 31831 dated October 15, 2018, attached hereto, I have made an examination into the condition and affairs of Ameristract Title Insurance Company, Inc. as of December 31, 2017, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Ameristract Title Insurance Company, Inc.

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 Department’s office located at One State Street, New York, New York 10004.

1. SCOPE OF EXAMINATION

The Department has performed an individual limited scope examination of the Company, a single-state insurer. This is the first financial examination of the Company after the report on organization, which was conducted as of March 21, 2013. This examination covered the period from March 22, 2013 through December 31, 2017. 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 current and 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 New York laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

- Company history
- Management and control
- Territory and plan of operation
- Reinsurance ceded
- Holding company description
- Financial statement presentation
- Summary of recommendations

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

Ameristract Title Insurance Company, Inc. was incorporated under the laws of the State of New York on November 21, 2011. The Department approved the Company’s Declaration of Intention and Charter on the same date. The Company was licensed as a title insurer on June 28, 2013.

A. Corporate Governance

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 thirteen members. At December 31, 2017, the board of directors was comprised of the following seven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Radni Davoodi East Hills, New York	President and Treasurer, Ameristract Title Insurance Company, Inc.
Raymond Davoodi Roslyn Heights, New York	Vice President and Secretary, Ameristract Title Insurance Company, Inc.
Harry Dreizen, Esq. New York, New York	Attorney, Law Firm of Harry R. Dreizen, Esq.
Matin Emouna, Esq. Old Westbury, New York	President, Emouna & Mikhail PC
Eva Klein, Esq. Lawrence, New York	Partner, Ruskin Moscou Faltischek, PC
Lawrence Steckman, Esq. North Massapequa, New York	Partner, Lester Schwab Katz & Dwyer, LLP
Benjamin Weinstock, Esq. Cedarhurst, New York	Partner, Ruskin Moscou Faltischek, PC

As of December 31, 2017, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Radni Davoodi	President and Treasurer
Raymond Davoodi	Secretary

B. Territory and Plan of Operation

As of December 31, 2017, the Company was licensed to write business in New York only. As of the examination date, the Company was authorized to write title insurance as defined in paragraph 18 of Section 1113(a) of the New York Insurance Law.

Based upon the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Article 64 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$500,000.

The Company has not written any business since its inception date.

C. Reinsurance Ceded

As of the examination date, and consistent with the lack of writings, the Company does not engage in reinsurance.

D. Holding Company System

The Company is privately held by two individuals, Radni Davoodi and Raymond Davoodi, each of whom own 50% of the Company. The Company is not part of a holding company system.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2017 as reported by the Company:

Assets

Cash and short-term investments	\$971,489
Investment income due and accrued	<u>882</u>
Total assets	<u>\$972,371</u>

Liabilities, Surplus and Other Funds

Liabilities

Other expenses	\$ <u>638</u>
Total liabilities	\$ 638

Surplus and Other Funds

Common capital stock	\$500,000
Gross paid in and contributed surplus	726,054
Unassigned funds (surplus)	<u>(254,321)</u>
Surplus as regards policyholders	<u>971,733</u>
Total liabilities and surplus as regards policyholders	<u>\$972,371</u>

B. Statement of Income

The net loss for the five-year examination period as reported by the Company was \$254,322 as detailed below:

Underwriting Income

Title insurance premiums earned		\$(171,835)
Deductions:		
Operating expenses incurred	\$ <u>51,213</u>	
Total operating expenses		<u>51,213</u>
Net underwriting gain (loss)		\$(223,048)

Investment Income

Net investment income earned	\$(<u>31,274</u>)	
Net investment income or (loss)		<u>(31,274)</u>
Net income before federal and foreign income taxes		\$(254,322)
Federal and foreign income taxes incurred		<u>0</u>
Net income (loss)		<u>\$(254,322)</u>

C. Capital and Surplus

Surplus as regards policyholders increased \$121,978 during the five-year examination period March 22, 2013 through December 31, 2017 as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of March 21, 2013			\$849,755
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net loss		\$254,322	
Change in net unrealized capital gains (losses)	\$ 1		
Surplus contributions	376,054		
Unreconciled difference	<u>245</u>	<u>0</u>	
Total gains and losses	<u>\$376,300</u>	<u>\$254,322</u>	
Net increase (decrease) in surplus			<u>121,978</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2017			<u>\$971,733</u>

Capital paid in is \$500,000 consisting of 50,000 shares of \$10 par value per share common stock. Gross paid in and contributed surplus is \$726,054 at December 31, 2017. Gross paid in and contributed surplus increased during the examination period, as follows:

<u>Year</u>	<u>Description</u>		<u>Amount</u>
2013	Beginning gross paid in and contributed surplus		\$350,000
2013	Surplus contribution	\$201,126	
2014	Surplus contribution	118,835	
2015	Surplus contribution	<u>56,093</u>	
	Total surplus contributions		<u>376,054</u>
2017	Ending gross paid in and contributed surplus		<u>\$726,054</u>

4. **KNOWN CLAIMS RESERVE AND STATUTORY PREMIUM RESERVE**

The examination liabilities for the captioned items of \$0 are the same as reported by the Company as of December 31, 2017. The examination analysis was conducted in accordance with statutory accounting principles, including SSAP No. 57.

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

The report on organization did not contain any comments or recommendations.

6. **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

This report on examination contains no comments or recommendations.

_____/S/_____
Ilya Aronov
Senior Insurance Examiner

STATE OF NEW YORK)

)ss:

COUNTY OF NEW YORK)

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

_____/S/_____
Ilya Aronov

Subscribed and sworn to before me

this _____ day of _____, 2020.

APPOINTMENT NO. 31831

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, Maria T. Vullo, 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:

Ilya Aronov

as a proper person to examine the affairs of the

Ameristract Title Insurance Company, Inc.

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

COMPANY

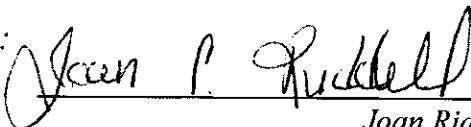
with such other information as he shall deem requisite.

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

this 15th day of October, 2018

MARIA T. VULLO
Superintendent of Financial Services



By: 
Joan Riddell
Deputy Bureau Chief