REPORT ON EXAMINATION

OF

STILLWATER PROPERTY AND CASUALTY INSURANCE COMPANY

AS OF

DECEMBER 31, 2019

DATE OF REPORT	DECEMBER 30, 2020
EXAMINER	JIAWEI YE

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December 30, 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 32042 dated March 4, 2020**,** attached hereto, I have made an examination into the condition and affairs of Stillwater Property and Casualty Insurance Company as of December 31, 2020, and submit the following report thereon.

Wherever the designation "the Company" or "SPAC" appears herein without qualification, it should be understood to indicate Stillwater Property and 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.

Due to the Governor's Executive Order of New York State on PAUSE regarding the COVID-19 pandemic, the examination was conducted remotely.

1. SCOPE OF EXAMINATION

The Department has performed an examination of Stillwater Property and Casualty Insurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2015. This examination covered the four-year period from January 1, 2016 through December 31, 2019. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination was conducted in conjunction with the state of California, which was the lead state of the WT Holdings Group. The examination was performed concurrently with the examination of Stillwater Insurance Company (domiciled in California).

This examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners 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
Holding company description
Financial statement presentation
Loss review and analysis
Significant subsequent events
Summary of recommendations

A review was also made to ascertain what action was taken by the Company with regard to the recommendation 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

Stillwater Property and Casualty Insurance Company was incorporated as Soflens Insurance Company under the laws of the State of New York on June 7, 1971. It became licensed and commenced business on September 15, 1971. On January 1, 1980, the name was changed to Bausch & Lomb Insurance Company and on January 1, 1993, its name was changed again to First Community Insurance Company.

On October 1, 1993, the Company was acquired by Bankers Insurance Group, Inc. from Bausch & Lomb.

On January 3, 2003, the Company was acquired by Fidelity National Financial, Inc. ("FNF"), a public insurance holding company incorporated in Florida. On February 28, 2003, the Company's stock was contributed by FNF to a wholly owned subsidiary, Fidelity National Title Insurance Company ("FNTIC"), a California domiciled title insurer. On February 28, 2003, the Company's stock was contributed by FNTIC to Fidelity National Insurance Company ("FNIC"). On December 12, 2003, the Company's name was changed to Fidelity National Property and Casualty Insurance, Inc., and on January 23, 2004, its name was changed again to Fidelity National Property and Casualty Insurance Company.

On June 28, 2005, FNF acquired 100% of the outstanding shares of the Company and its parent, FNIC, from FNTIC. On October 20, 2006, the Company and its parent, FNIC, were contributed by FNF to National Alliance Marketing Group, Inc. ("NAMG"), as part of an internal restructuring, with FNF remaining as the ultimate parent of the Company.

On January 18, 2012, NAMG contributed the Company and its parent, FNIC, to Duval Holdings, Inc. ("Duval"). Duval was formed by FNF for the purpose of divesting itself of business not related to its core title insurance business.

On May 1, 2012, FNF sold 85% of its interest in Duval to WTJ Holdings, Inc. (84.3%) and to Mr. Mark O. Davey (0.7%). FNF retained a minority interest in Duval through its 100% ownership of NAMG, which still owned the remaining 15% of Duval.

Effective October 1, 2013, the Company's name was changed from Fidelity National Property and Casualty Insurance Company to Stillwater Property and Casualty Insurance Company. In addition, on the same date, its parent changed its name from Fidelity National Insurance Company to Stillwater Insurance Company ("SIC").

On July 22, 2014, NAMG contributed its ownership in the Company and its parent, SIC, to FNF and FNF then contributed its 15% Duval ownership to Fidelity National Financial Ventures, LLC ("FNFV"), as part of an internal restructuring, with FNF remaining as the ultimate parent of FNFV.

Prior to June 16, 2016, WT Holdings, Inc. owned 75% of WTJ Holdings, Inc. ("WTJ") and WTJ owned 84.3% of Duval. Effective June 16, 2016, WT Holdings, Inc. purchased the remaining 25% interest of WTJ and 15% interest in Duval. Additionally, WTJ was merged with and into WT Holdings, Inc., the Company's indirect parent.

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 fifteen members. The board meets four times during each calendar year. At December 31, 2019, the board of directors was comprised of the following ten members:

Name and Residence	Principal Business Affiliation
Mark O. Davey Ponte Vedra Beach, Florida	President and Chief Executive Officer, Stillwater Property and Casualty Insurance Company
William B. Farinholt Atlanta, Georgia	Managing Director, Stephens, Inc.
John D. Ferguson Nashville, Tennessee	Retired
Emmel B. Golden III Memphis, Tennessee	Partner, NFC Investments, LLC
Patrick M. Kerney Riverside, Connecticut	Principal, Kerney Insurance Agency
James D. Lackie Memphis, Tennessee	Managing Partner, River Street Management, LLC
Charles K. Slatery Memphis, Tennessee	Managing Partner, NFC Investments, LLC
David W. Smith Locust Valley, New York	Retired

Name and Residence	Principal Business Affiliation
William V. Thompson III Memphis, Tennessee	Partner NFC Investments, LLC
Henri L. Wedell Wellington, Florida	Retired

As of December 31, 2019, the principal officers of the Company were as follows:

Name	Title
Mark O. Davey	President and Chief Executive Officer
Julia B. Edmonston	Chief Financial Officer
Tommye M. Frost	Secretary and Assistant Vice President Regulatory and Compliance Counsel
Mike W. Whatley	Vice President, Actuary
Daniel P. Merrigan	Vice President, Auto & Casualty Claims
Todd P. McGrath	Vice President, Claims
Mark P. Kleine	Vice President, Property Claims

Section 2.2 of the Company's bylaws states:

> "Annual Meetings. The annual meeting of shareholders shall be held at the same time as the first quarter meeting of the Board of Directors, which shall be held during the month of April or May. At such meetings directors shall be elected, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the power of the shareholders."

Additionally, Section 3.3 of the Company's bylaws states:

> "Election and Term of Office. The directors shall be elected at each annual meeting of shareholders to hold office until the next annual meeting. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present."

During the review of the Company's compliance with its bylaws, the examiner noted that the Company did not hold annual shareholders meeting as required by section 2.2 of its bylaws, and that the Company did not elect directors at each annual shareholders meeting as required by section 3.3 of its bylaws. It is recommended that the Company comply with sections 2.2 and 3.3 of its bylaws or amend the bylaws to fit the Company's needs.

B. Territory and Plan of Operation

As of December 31, 2019, the Company was licensed to write business in 50 states and the District of Columbia.

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
3	Accident & health
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
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
24	Credit unemployment
26	Gap

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 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 $4,550,000.

The following schedule shows the total gross premiums written by the Company for the period under examination:

Calendar Year	Total Gross Premiums
2016	$ 89,598,969
2017	$ 94,422,580
2018	$ 93,250,726
2019	$100,684,595

The Company primarily wrote the following lines of businesses: homeowners multiperil, commercial multiperil, and other liability occurrence, which accounted for 74.45%, 6.72% and 5.43%, respectively, of the Company's direct written premiums in 2019. The other liability-occurrence consists of personal umbrella and liability portion of dwelling fire policy. In 2019, the Company began writing a commercial product to New York contractors, which included general liability, auto liability, auto physical damage and umbrella liability. The personal lines products are distributed through the combination of independent agents, affiliated agents and direct offerings. The commercial line product is produced by an affiliated entity, Gramercy Risk Management, LLC.

The Company did not assume business during the examination period.

C. Reinsurance Ceded

The Company has structured its ceded reinsurance program as follows:

Type of Treaty	Cession
Personal Lines 100% Quota Share Agreement	100% of net liability, under all the property and casualty lines of policies, except for surety lines.
Commercial Lines Gramercy Program Primary Quota Share Agreement	100% cession of the New York contractors' primary business produced by Gramercy Risk Management, LLC.
Gramercy Program Umbrella Quota Share Agreement	100% cession of the New York contractors' commercial umbrella liability business produced by Gramercy Risk Management, LLC.
Equipment Breakdown 100% Quota Share Agreement	100% cession of the net retained liability under equipment breakdown endorsements to commercial policies or equipment breakdown coverage sections within New York contractors' commercial policies.

All of the Company's business was ceded to authorized reinsurers. As of December 31, 2019, the Company's ceded premiums totaled $97.8 million, of which approximately 91% was ceded to SIC. The Company's largest reinsurance recoverable, $78.5 million, was from SIC, which represents 96.6% of the total reinsurance recoverable, or 78.1% of the Company's 2019 reported surplus. This recoverable is the

Company's most significant financial item, and, ultimately, the Company's most significant financial risk is its ability to collect on these reinsurance recoverables. It is noted that SIC was examined concurrently with the Company and there were no examination changes made to SIC's balance sheet or income statement.

Reinsurance agreements with affiliates were reviewed for compliance with Article 15 of the New York Insurance Law. It is noted that all affiliated reinsurance agreements were filed with the Department pursuant to the provisions of Section 1505 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.

D. Holding Company System

The Company is a member of the WT Holdings Group. The Company is a wholly owned subsidiary of Stillwater Insurance Company, a California-domiciled insurer, which is an indirect subsidiary of WT Holdings, Inc. ("WT"), a private holding company organized under the laws of Tennessee. WT invests in both privately held and publicly traded investments and considers investments in all industries with a focus on the insurance sector. WT's insurance segments include:

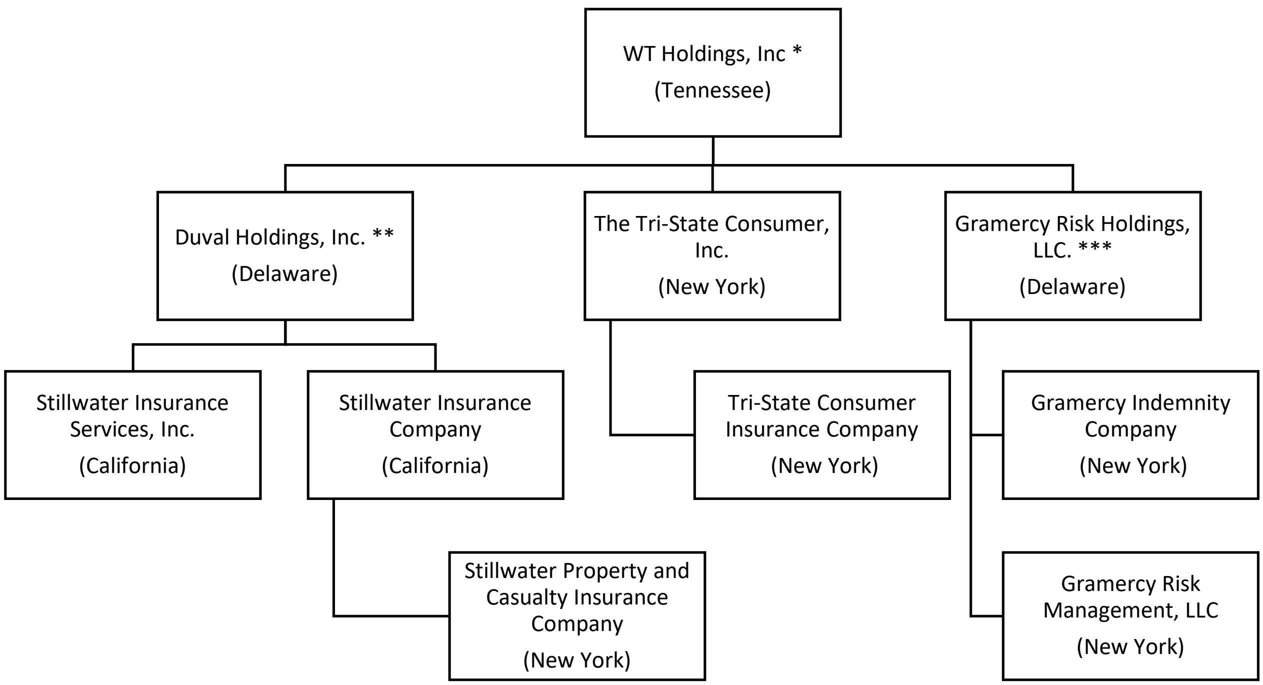
1) Stillwater Insurance Group, which is comprised of the Company and its immediate parent;
2) Tri-State Consumer Insurance Company, a New York domiciled property and liability insurance company, which insures private passenger automobile liability and physical damage, and homeowner's multiple perils. It is licensed solely in New York;
3) Evergreen National Indemnity Company, an Ohio domiciled insurer licensed in 49 states and the District of Columbia, which focuses on specialty surety programs and serves the waste management industry.

In December 2017, WT entered into a joint venture known as Gramercy Risk Holdings, LLC ("Gramercy Risk"). Gramercy Risk is focused on a commercial line of business that provides a comprehensive suite of insurance products to contractors (such as plumbers, electricians, HVAC technicians) located in the state of New York. The Company refers to this business as its New York Contractors Program.

In March 2019, Gramercy Risk acquired 100% of the stock of a shell company, Executive Insurance Company ("EIC"), a New York domiciled property and casualty insurer, currently licensed in the states of New York and Texas. EIC has since changed its name to Gramercy Indemnity Company.

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, 2019:



*At December 31, 2019, Haslam Blind Trust has 19.6% ownership in WT Holdings, Inc.; Susan B. Haslam has 13.6% ownership in WT Holdings, Inc. and various investors hold the remaining 66.8% interest in WT Holdings, Inc.

** WT Holdings, Inc. has 99.3% ownership in Duval Holdings, Inc., while management holds 0.7% ownership in Duval Holdings, Inc.

***WT Holdings, Inc has 50% ownership in Gramercy Risk Holdings, LLC, while Fishlinger Risk Holdings, LLC holds the other 50% ownership in Gramercy Risk Holdings, LLC.

Holding Company Agreements

At December 31, 2019, the Company was party to the following agreements with other members of its holding company system:

General Agency Agreement

Effective August 1, 2014, and subsequently amended, the Company entered into a general agency agreement with Stillwater Insurance Services, Inc.("SIS") as the general agent. Pursuant to the terms of the agreement, for a fixed commission, SIS agrees to administer the Company's underwriting, premium collection and negotiation of reinsurance subject to the terms of the agreement.

For the year ended December 31, 2019, the Company incurred expenses of $25,011,178 under this agreement.

Managing General Agency Agreement

Effective July 1, 2019, the Company entered into a managing general agency agreement with Gramercy Risk Management, LLC ("GRM"). Under the terms of the agreement, the Company appoints GRM to manage the underwriting, claims, premium collection, and risk management function of the New York Contractors Program. GRM receives a fixed commission for providing these services.

Investment Advisory Agreement

Effective February 10, 2015, the Company entered into an investment advisory service agreement with NFC Investment, LLC ("NFC"), which is owned by certain board members. Under the terms of the agreement, for a fee calculated as a percentage of the market value of all assets in the portfolio, NFC agrees to provide investment advisory and consulting services for the Company's investment portfolio. NFC has the full power to supervise and direct the investment and reinvestment of the Company's portfolio.

Service Agreement

Effective August 1, 2014, the Company entered into a service agreement with Tri-State Consumer Insurance Company ("Tri-State"). Under the terms of the agreement, for a fixed fee, Tri-State agrees to provide limited office space and statutory home office services to SPAC.

Tax Sharing Agreement

Effective June 16, 2016, the Company and various affiliates entered into a tax sharing agreement with WT. All parties to this agreement agree to join in the filing of the WT's consolidated federal income tax return for each taxable year. The tax is allocated based on the hypothetical taxes. The hypothetical tax shall be the federal income tax liability that the entity would have had for such taxable year if the entity had filed its own federal income tax return for such taxable year.

The agreement was filed with the Department pursuant to New York Circular Letter 1979-33.

All of the above agreements were filed with and non-disapproved by the Department pursuant to Section 1505 of the New York Insurance Law.

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2019, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

Operating Ratios	Result
Net premiums written to policyholders' surplus	3%*
Adjusted liabilities to liquid assets	10%
Two-year overall operating	0%

*Net premiums written represents solely policy fees.

Underwriting Ratios

The underwriting ratios were not calculated because they are not meaningful due to the fact that the Company cedes 100% of its business.

F. Accounts and Records

i. Department Regulation No. 118 ("Reg. 118")

Section 89.8(a) of Reg. 118 states:

> "Every company required to furnish an annual audited financial report shall require the CPA to submit written notification to the superintendent, the board of directors and the company's audit committee within five business days of any determination by the CPA that the company has materially misstated its financial condition as reported to the superintendent as of the balance sheet date currently under audit or that the company does not meet the minimum capital or surplus requirement of the insurance law as of that date."

Section 89.11 of Reg. 118 states, in part:

> ". . . Every company shall require that the CPA retain the audit work papers and communications for six calendar years from the date of the audit report or until the filing of the report on examination covering the period of the audit, whichever is longer . . ."

Section 89.12(e) of Reg. 118 states:

> "The company shall submit written notification to the superintendent of the selection of its audit committee within 30 days of the effective date of this Part and within 30 days of any change in membership of the audit committee. The notice shall include a description of the reason for the change."

During the review of the Company's compliance with Reg. 118, the examiner noted that the Company did not include required language in its audit engagement letter to comply with sections 89.8(a) and 89.11. The examiner also noted that the Company did not provide notice of change in audit committee members to the Department as required under section 89.12(e). It is recommended that the Company include language in its audit engagement letter which complies with sections 89.8(a) and 89.11 of Reg. 118. It is also recommended that the Company adhere to the notification requirement set forth in section 89.12(e) of Reg. 118.

ii. NAIC Statement of Statutory Accounting Principles ("SSAP") No. 48 - Other Invested Assets

Pursuant to the SSAP No. 48 paragraph 6, investments in joint ventures, partnerships and limited liability companies, except for joint ventures, partnerships and liability companies with a minor ownership interest, shall be reported using an equity method as defined in SSAP No. 97 paragraphs 8.b.i. through

8.b.iv. For investments in US noninsurance entities which do not quality under paragraph 8.b.ii, these investments shall be recorded on the audited US GAAP equity of the investees.

In addition, pursuant to SSAP 48 paragraphs 8 and 9, for investments in joint venture, partnerships and limited liability companies with a minor interest (defined in Paragraph 15 and 16, i.e. less than 10% ownerships or lacks of control), the investments shall be recorded based on the audited US GAAP equity of the investees. If the audited US GAAP basis financial statements are not available, then the investments may be recorded based on the US tax basis equity. During the course of the examination, it was noted that two of the Company's Schedule BA assets were valued using form K-1, instead of the audited financial statements. The differences in valuation were immaterial. It is recommended that the Company implement procedures to ensure compliance with SSAP No. 48, paragraphs 6, 8, and 9.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2019, as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$ 51,601,053		$ 51,601,053
Preferred stocks	12,661,141		12,661,141
Common stocks	21,050,102		21,050,102
Cash, cash equivalents and short-term investments	1,503,254		1,503,254
Other invested assets	4,943,136		4,943,136
Investment income due and accrued	652,989		652,989
Uncollected premiums and agents' balances in the course of collection	6,030,173		6,030,173
Deferred premiums, agents' balances and installments booked but deferred and not yet due	3,927,841		3,927,841
Amounts recoverable from reinsurers	3,247,290		3,247,290
Receivables from parent, subsidiaries and affiliates	1,311,915		1,311,915
Other Asset - Assessments Recoverable	146,648		146,648
Total assets	$107,075,542		$107,075,542

Liabilities, surplus and other funds

Liabilities

Losses and Loss Adjustment Expenses		$ 0
Other expenses (excluding taxes, licenses and fees)		625,893
Taxes, licenses and fees (excluding federal and foreign income taxes)		473,388
Current federal and foreign income taxes		414,185
Net deferred tax liability		1,974,705
Ceded reinsurance premiums payable (net of ceding commissions)		8,981,213
Other Liability - Unearned ceding commission		145,000
Total liabilities		$ 12,614,384

Surplus and other funds

Common capital stock	$ 3,465,564	
Gross paid in and contributed surplus	2,384,436	
Unassigned funds (surplus)	88,611,158	
Surplus as regards policyholders		94,461,158
Total liabilities, surplus and other funds		$107,075,542

Note: Tax returns for tax years 2015 through 2017 are currently under audit. The Internal Revenue Service has not audited tax returns covering tax years 2018 and 2019. 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

The net income for the examination period as reported by the Company was $27,621,525, as detailed below:

Underwriting Income		
Premiums earned		$11,286,556
Deductions:		
Losses and loss adjustment expenses incurred	$ 0	
Other underwriting expenses incurred	2,503,775	
Total underwriting deductions		2,503,775
Net underwriting gain or (loss)		$ 8,782,781
Investment Income		
Net investment income earned	$24,858,197	
Net realized capital gain	495,577	
Net investment gain or (loss)		25,353,774
Other Income		
Other miscellaneous income	$ 173,427	
Total other income		173,427
Net income before dividends to policyholders and before federal and foreign income taxes		$34,309,982
Dividends to policyholders		0
Net income after dividends to policyholders but before federal and foreign income taxes		$34,309,982
Federal and foreign income taxes incurred		6,688,457
Net income		$27,621,525

Premiums earned represent policy fee income.

C. Capital and Surplus

Surplus as regards policyholders decreased $15,737,584 during the four-year examination period January 1, 2016 through December 31, 2019, as reported by the Company, detailed as follows:

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders as reported by the Company as of December 31, 2015			$110,198,742
Net income	$27,621,528		
Net unrealized capital gains or (losses)	7,339,963		
Change in net deferred income tax		$ 1,322,209	
Change in nonadmitted assets	745,291		
Dividends to stockholders	0	50,122,157	
Total gains and losses	$35,706,782	$51,444,366	
Net increase (decrease) in surplus			(15,737,584)
Surplus as regards policyholders as reported by the Company as of December 31, 2019			$ 94,461,158

The Company paid a dividend to its parent, SIC, on December 28, 2018, in the amount of $13,680,404. In addition, on August 20, 2019, the Company paid an extraordinary dividend to SIC in the amount of $36,441,753. The extraordinary dividend was approved by the Department in accordance with Section 4105(a) of the New York Insurance Law. No adjustments were made to surplus as a result of this examination.

Capital paid in is $3,465,564 consisting of 10,898 shares of $318 par value per share common stock. Gross paid in and contributed surplus is $2,384,436. Gross paid in and contributed surplus and capital paid in did not change during the examination period.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $0 is the same as reported by the Company as of December 31, 2019.

As discussed in section C of this report, the Company has a reinsurance program in place that cedes 100% of its business to affiliated and unaffiliated reinsurers. As of December 31, 2019, the Company's largest reinsurance recoverable was from SIC, which represented 96.6% of the total reinsurance recoverable. This recoverable is the Company's most significant financial item, and, ultimately, the Company's most significant financial risk is its ability to collect on these reinsurance recoverables. It is noted that SIC was examined concurrently with the Company and there were no examination changes made to SIC's balance sheet or income statement.

5. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared an outbreak of a novel coronavirus ("COVID-19") pandemic. The risks and uncertainties surrounding the COVID-19 pandemic may impact the Company, and its competitors', operational and financial performance. The extent of the impact of the COVID-19 pandemic on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets. All of these developments continue to unfold and cannot be predicted. However, the Company views its COVID risk as very low because it cedes 100% of its business.

Subject to regulatory approval, WT seeks to consolidate the insurance operations of the Company and Tri-State Consumer Insurance Company ("TSCIC"). On October 15, 2020, the Company announced that it will acquire (via merger) TSCIC. Stillwater will continue to offer homeowners and auto insurance to TSCIC's policyholders after the merger. The purchase price will be equal to the value on the closing date of 100% of TSCIC's statutory surplus plus or minus the difference between the market value and the statutory carrying value of investment securities. AM Best has announced that the ratings of Stillwater Insurance Group are not affected by this merger.

Effective December 30, 2020, subject to the regulatory approvals of this Department and the California Department of Insurance, Mr. William E. Haslam assumed ownership of 19.4% interest of WT from the Haslam Blind Trust.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	Holding Company System	
	It was recommended that the Company file all required holding company registration statements with the Department in a timely fashion.	9
	The Company has complied with this recommendation.	

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Corporate Governance	
	It is recommended that the Company comply with sections 2.2 and 3.3 of its bylaws or amend its bylaws to fit the Company's needs.	5
B.	Accounts and Records	
i.	It is recommended that the Company include required language in its audit engagement letter to comply with sections 89.8(a) and 89.11 of Reg. 118.	12
ii.	It is recommended that the Company adhere to the notification requirement set forth in section 89.12(e) of Reg. 118.	12
iii.	It is recommended that the Company implement procedures to ensure compliance with SSAP No. 48, paragraphs 6, 8, and 9.	13

Respectfully submitted,

_____________/S/________________
Jiawei Ye, APIR
Senior Insurance Examiner

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

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

__________/S/___________
Jiawei Ye

Subscribed and sworn to before me

this_________ day of _________________, 2021

APPOINTMENT NO. 32042

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **Linda A. Lacewell**, 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:*

Jiawei Ye (Gary)

as a proper person to examine the affairs of the

Stillwater Property and 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 4th day of March, 2020

LINDA A. LACEWELL
Superintendent of Financial Services

By:

Joan Riddell
Deputy Bureau Chief

NEW YORK STATE
EXCELSIOR
DEPARTMENT OF FINANCIAL SERVICES