REPORT ON EXAMINATION

OF

GLOBAL LIBERTY INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2016

DATE OF REPORT	MARCH 29, 2018
EXAMINER	TEENA JOSEPH

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

March 29, 2018

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 31638 dated June 1, 2017, attached hereto, I have made an examination into the condition and affairs of Global Liberty Insurance Company of New York as of December 31, 2016, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Global Liberty Insurance Company of New York.

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 68 South Service Road, Suite 450, Melville, NY 11747.

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, 2012. This examination covered the four-year period from January 1, 2013 through December 31, 2016. 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
Holding company description
Reinsurance
Loss review and analysis
Financial statement presentation
Significant subsequent events
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

Global Liberty Insurance Company of New York was incorporated under the laws of the State of New York on July 20, 1999 and became licensed on January 18, 2001 under the name American Horizon Insurance Company of New York. Prior to January 27, 2003, the Company was a wholly-owned subsidiary of American Horizon Insurance Company, an Illinois domiciled insurance company, during which time the Company wrote no business. Effective January 27, 2003, the Department approved the sale of the Company to A&S Transportation Writers, Inc., a New York Corporation, (currently known as Anchor Holdings Group, Inc.), which was owned 100% by Mr. Hossni Elhelbawi. Effective February 21, 2003, the Company was renamed Global Liberty Insurance Company of New York. The Company commenced writing business on March 1, 2003.

Effective March 11, 2015, Atlas Financial Holdings, Inc. ("AFH"), a publicly-traded Cayman Islands Company and American Insurance Acquisition, Inc. ("AIA"), a Delaware corporation, acquired Anchor Holdings Group Inc., ("AHG") along with its affiliated underwriting and premium finance companies. As a result, AFH became the ultimate parent and AIA the direct parent of AHG, which is the parent company of Global Liberty Insurance Company of New York. This sale was approved by the Department on March 4, 2015.

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 twenty-one members. The board meets four times during each calendar year. At December 31, 2016, the board of directors was comprised of the following nine members:

Name and Residence	Principal Business Affiliation
Leslie Patterson DiMaggio Fox River Grove, IL	Vice President of Operations & IT and Secretary, Global Liberty Insurance Company of New York
Richard Patrick Dowd Bethpage, NY	Regional Vice President of Claims, Global Liberty Insurance Company of New York
Hossni Elhelbawi St. James, NY	Entrepreneur and former owner, Global Liberty Insurance Company of New York

Bruce Wayne Giles Chicago, IL	Vice President of Product Development & Underwriting, Global Liberty Insurance Company of New York
Douglas Karl Goldenbaum Halesite, NY	Regional Controller, Global Liberty Insurance Company of New York
Zenovia Diane Love Hazel Crest, IL	Assistant Vice President of Human Resources, Atlas Financial Holdings, Inc.
Paul Anthony Romano St. Charles, IL	Chief Financial Officer, Vice President of Finance and Treasurer, Global Liberty Insurance Company of New York
Joseph Raymond Shugrue Wilmette, IL	Vice President of Claims, Global Liberty Insurance Company of New York
Scott David Wollney Glenview, IL	Chief Executive Officer and President, Global Liberty Insurance Company of New York

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, 2016, the principal officers of the Company were as follows:

Name	Title
Scott David Wollney	President and Chief Executive Officer
Leslie Patterson DiMaggio	Secretary and Vice President of Operations & IT
Paul Anthony Romano	Treasurer, Chief Financial Officer and Vice President of Finance
Bruce Wayne Giles	Vice President of Product Development & Underwriting
Joseph Raymond Shugrue	Vice President of Claims

Charter

On December 16, 2013, the Company's board of directors approved an amendment to the Company's charter reducing the minimum number of directors from thirteen to seven. This amendment to the charter was submitted to the Department on October 8, 2014 and approved by the Department on October 14, 2014.

Section 1206(b) of the New York Insurance Law states as follows:

> "Any corporation proposing to file a certificate of change of name or a restated or amended charter shall serve upon the superintendent a copy of the proposed changes, not less than thirty days before the meeting at which such changes will be submitted."

It is recommended that the Company comply with Section 1206(b) of the New York Insurance Law and notify the Department at least 30 days before any changes to the charter are made.

The Company is licensed to write burglary and theft, glass, and boiler and machinery as defined in paragraphs 7, 8 and 9 of Section 1113(a) of the New York Insurance Law. However, the Company's charter did not include lines 7, 8 and 9.

It is recommended that the Company amend its charter to include all the kinds of insurance that it is authorized to transact.

By-laws

At December 31, 2016, the investment committee was comprised of two members. This is contrary to Article 4, Section 4.10 of the Company's by-laws, which states that the board of directors may designate from among its members a committee or committees, each consisting of three or more members.

It is recommended that the Company comply with its by-laws and appoint at least three members for each committee.

Shareholder Meetings

Article II, Section 1 of the Company's by-laws states that shareholder meetings should be held on the second Tuesday of April each year. However, during the examination period, the shareholder meetings were not held as indicated in the by-laws.

It is recommended that the Company comply with its by-laws and hold shareholder meetings in accordance with Article II, Section 1 of its by-laws.

Change in Audit Committee Membership

The Company's audit committee members changed since the last examination. However, the Company did not notify the Department regarding the change in membership within the required timeframe in accordance with Department Regulation 118, Section 89.12(e) which states:

> "The Company shall give written notice 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."

It is recommended that in the future the Company comply with Department Regulation 118, Section 89.12 and notify the Department within 30 days of any change in audit committee membership.

B. Territory and Plan of Operation

As of December 31, 2016, the Company was licensed to write business in thirteen 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
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine (inland only)

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 $2,200,000.

The following schedule shows the direct and assumed premiums written by the Company for the period under examination:

Calendar Year	Direct Premiums	Assumed Premiums	Total Gross Premiums
2013	$38,754,413	$187,828	$38,942,241
2014	$39,897,830	$230,604	$40,128,434
2015	$51,171,069	$275,602	$51,446,671
2016	$51,898,515	$292,888	$52,191,403

The Company primarily writes commercial auto liability and extended no-fault coverages for the for-hire-livery market in the New York City metropolitan area, insuring primarily black and luxury cars and limousines. A limited amount of physical damage coverage is also provided for certain limousine and mono-line black car and luxury car policies. Beginning in 2007, the Company diversified its products in New York and other states to include other commercial property and liability business as well as homeowners business in New York. During 2014 and 2015, the Company ceased writing new homeowners and commercial package business. Additionally, since AFA and AIA's acquisition of the Company, all of the Company's non-commercial auto businesses will be non-renewed and placed in runoff so that Atlas can focus on its core strength in the commercial auto market.

The Company's business is primarily produced by Anchor Group Management, Inc., the Company's affiliated managing general agent.

Assumed Reinsurance

The Company's assumed reinsurance business consists only of participation in several mandatory pools for its commercial automobile and homeowners business.

C. Reinsurance Ceded

Ceded Reinsurance Program

The Company has structured its ceded reinsurance program as follows:

Type of Coverage	**Cession**
Auto Liability and Physical Damage	
Multiple Line Quota Share	25% quota share participation of $125,000 net loss in any one loss occurrence with an ultimate net loss of $500,000.
Automobile Excess of Loss	Two layers covering 100% of $1,500,000 excess of $500,000. Commercial auto liability – maximum of $5,000,000 per occurrence. General liability – maximum of $1,000,000 per occurrence. Commercial auto physical damage – maximum of $250,000 per occurrence, per vehicle.

<u>Property and Liability</u>
<u>Multiline/Homeowners/General Liability</u>

Property and Other Liability Business Quota Share	75% quota share participation of $100,000 net loss in each risk for personal property business. 75% quota share participation of $100,000 net loss in any one loss occurrence for personal liability business.
Personal Liability and Personal Property Excess of Loss	Excess of Loss – Liability Two layers covering 100% of $900,000, excess of $100,000 each loss occurrence. Excess of Loss – Property Two layers covering 100% of $900,000 excess of $100,000 each loss occurrence.
Property Catastrophe Excess of Loss	$1,000,000 excess of $500,000 per loss, maximum $2,000,000 per loss during period.

In addition, the Company also cedes on a facultative basis automobile liability and physical damage for risks in excess of $2,000,000 and homeowners business for risks in excess of $1,000,000.

All of the above contracts are ceded to authorized reinsurers.

All significant ceded reinsurance agreements in effect as of the examination date were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

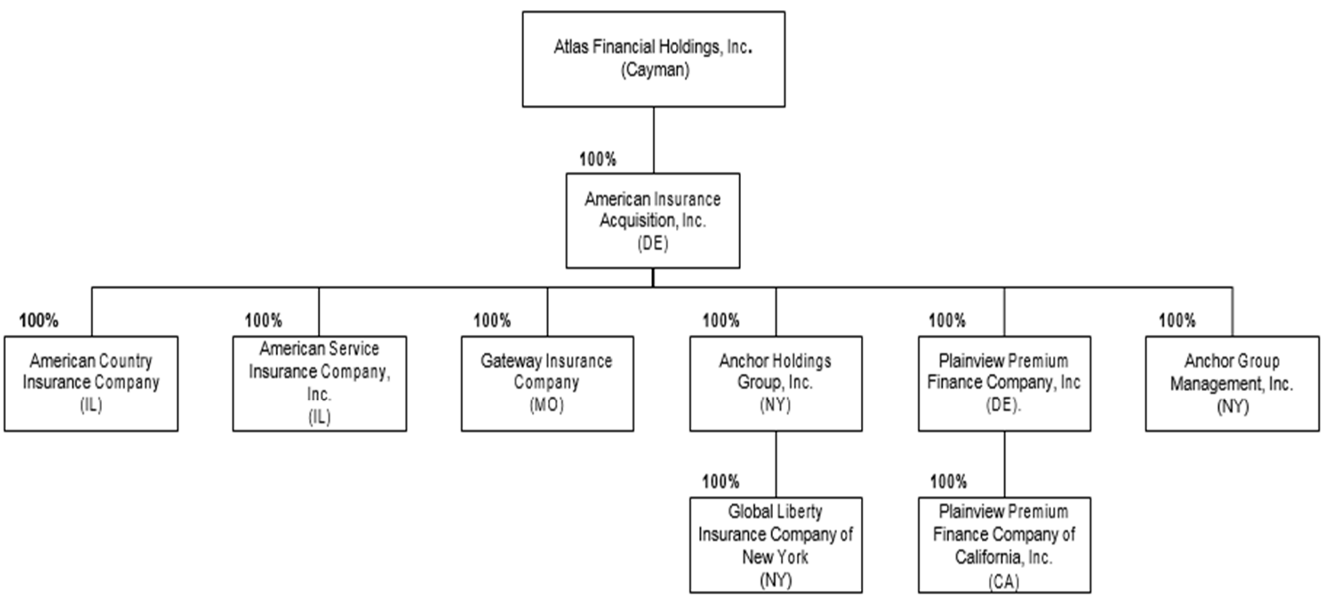
Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in SSAP No. 62R. Representations were supported by appropriate risk transfer analyses and an attestation from the Company's Chief Executive Officer and Chief Financial Officer pursuant to the NAIC Annual Statement Instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R.

D. Holding Company System

The Company is a member of Atlas Financial Holdings, Inc. The Company is a wholly-owned subsidiary of American Insurance Acquisitions, Inc., a Delaware corporation, which is ultimately controlled by Atlas Financial Holdings, Inc.

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 a chart of the holding company system at December 31, 2016:



At December 31, 2016, the Company was party to the following agreements with other members of its holding company system:

Managing General Agent Agreement

Effective March 1, 2003, the Company entered into a managing general agent ("MGA") agreement with its affiliate, Anchor Group, Inc. On January 27, 2009, Anchor Group, Inc. changed its name to Anchor Group Management, Inc. ("AGMI"). Under the terms of the agreement, AGMI has the underwriting authority to bind the Company for commercial auto policies in all New York territories. However, the Company has the ultimate final authority over decisions included but not limited to the acceptance, rejection or cancellation of risks. Furthermore, AGMI performs marketing, underwriting, data processing and reporting, audit, accounting and administration services. The cost of these services was $8,478,626 in 2016. This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law.

Subsequent to this examination, effective January 1, 2017, the Company and AGMI agreed to terminate the MGA Agreement and replaced it with a new MGA Agreement between AGMI and its affiliates. The new MGA agreement was approved by this Department pursuant to Section 1505 of the New York Insurance Law.

Management Service Agreement with Anchor Group Management, Inc.

Effective January 1, 2005, the Company entered into a revised service agreement with its affiliate, Anchor Group, Inc. On January 27, 2009, Anchor Group, Inc. changed its name to AGMI. Pursuant to the Agreement, AGMI provides all services necessary for the day-to-day operations of the Company including, but not limited to, human resources services, corporate and regulatory services, reinsurance services, accounting, audit, actuarial and tax services, claims adjustments and payment services exclusive of services specifically performed by the employees of Global Liberty, system administration services and assigned risk operations. The cost of these services was $1,245,026 in 2016. The Agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law.

Subsequent to this examination period, effective January 1, 2017, the Company and AGMI agreed to terminate the Agreement and replaced it with a new service agreement between AGMI and its affiliates. The new service Agreement was approved by this Department pursuant to Section 1505 of the New York Insurance Law.

Management Service Agreement with American Insurance Acquisitions, Inc.

Effective March 11, 2015, the Company entered into a management service agreement with its direct parent, AIAI as a result of its acquisition by AIAI. This Agreement was originally in place effective December 31, 2010 between AIAI and its subsidiaries. Pursuant to the Agreement, AIAI will furnish services of its executive officers and employees who will be made available to serve as corporate officers and/or directors of subsidiaries. AIAI may also provide subsidiaries with accounting, tax reporting, and treasury management services, human resource services, marketing services, planning and budgeting services, legal services, internal audit services, information technology services, and other services as agreed upon by the parties from time to time. AIAI may also assist subsidiaries in developing a sound insurance program for the protection of subsidiaries’ assets. The Company did not make any payments to

AIAI for these services in 2016. The Agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Tax Allocation Agreement

Effective March 11, 2015, the Company entered into a tax allocation agreement with its ultimate parent, Atlas Financial Holdings, Inc. Based on the Tax Allocation Agreement, the U.S consolidated income tax return shall be filed by the Parent for each taxable period for which the agreement is in effect and for which the affiliated group is required or permitted to file a consolidated tax return. The Agreement was filed with 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, 2016, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners.

Net premiums written to surplus as regards policyholders	362%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	110%
Premiums in course of collection to surplus as regards policyholders	34%

Underwriting Ratios

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	$ 99,333,456	77.80%
Other underwriting expenses incurred	40,556,734	31.76
Net underwriting loss	(12,211,856)	(9.56)
Premiums earned	$127,678,334	100.00%

The Company's reported risk based capital score ("RBC") was 616.3% at December 31, 2016. Due to the loss reserve change as a result of this examination, the RBC has been adjusted to 241.2% at December 31, 2016. The RBC is a measure of the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. An RBC of 200 or below can result in regulatory action. There were financial adjustments, as described herein under sections 3(d) and 3(e) of this report that impacted the Company's RBC score.

F. Accounts and Records

Custodian Agreement

The examination review indicated that the Company's custodial agreement did not contain all of the protective covenants set forth in the NAIC Financial Examiners Handbook. However, the Company responded affirmatively to the general interrogatory question number 28 that the custodial agreements complied with the requirements of the NAIC Financial Examiners Handbook.

Subsequent to the examination date, but prior to the completion of field work, the Company amended the custodial agreement to include all of the protective covenants set forth in the NAIC Financial Examiners Handbook.

G. Risk Management and Internal Controls

A review of the Company's Information Technology ("IT") environment was conducted to evaluate the effectiveness of the infrastructure with respect to safeguarding the assets, maintaining data integrity, and operating efficiently to meet goals and/or objectives of the organization as promulgated by ISACA, (an independent, nonprofit, global association, which engages in the development, adoption and use of globally accepted, industry-leading knowledge and practices for information systems), and as described by the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on the review, the Company does not have formal IT policies and procedures that sufficiently address IT governance, IT architecture, IT performance and capacity, monitoring of IT service providers, encryption of data, disposal of IT equipment, IT performance monitoring and IT password protocols. The absence of such policies indicates that the Company's controls in areas such as IT governance, security, operations and alignment with business needs are inadequate. It is recommended that the Company strengthen controls in the IT areas by establishing formal policies and procedures.

3. FINANCIAL STATEMENTS

A Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2016 as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$39,401,605	$ 0	$39,401,605
Mortgage loans on real estate, first lien	1,900,000	0	1,900,000
Cash, cash equivalents and short-term investments	3,600,993	0	3,600,993
Other invested assets	1,599,039	0	1,599,039
Investment income due and accrued	308,835	0	308,835
Uncollected premiums and agents' balances in the course of collection	3,415,475	0	3,415,475
Deferred premiums, agents' balances and installments booked but deferred and not yet due	8,237,633	0	8,237,633
Amounts recoverable from reinsurers	2,193,888	0	2,193,888
Current federal and foreign income tax recoverable and interest thereon	3,106,223	0	3,106,223
Net deferred tax asset	2,050,772	0	2,050,772
Balances in non-voluntary pools	111,599	0	111,599
Prepaid assets	54,492	54,492	0
Total assets	$65,980,554	$54,492	$65,926,062

Liabilities, Surplus and Other Funds

Liabilities		
Losses and loss adjustment expenses		$21,657,048
Commissions payable, contingent commissions and other similar charges		78,322
Other expenses (excluding taxes, licenses and fees)		214,181
Taxes, licenses and fees (excluding federal and foreign income taxes)		455,615
Unearned premiums		18,971,748
Ceded reinsurance premiums payable (net of ceding commissions)		2,236,170
Amounts withheld or retained by company for account of others		121,981
Remittances and items not allocated		5,019
Payable to parent, subsidiaries and affiliates		193,207
Escheat liability		116,825
Unearned ceded commissions		939,184
Liability for non-voluntary pools		79,686
Total liabilities		45,068,986
Surplus and Other Funds		
Common capital stock	$ 3,000,000	
Gross paid in and contributed surplus	4,563,844	
Unassigned funds (surplus)	13,293,232	
Surplus as regards policyholders		20,857,076
Total liabilities, surplus and other funds		$65,926,062

Note: The Internal Revenue Service has not yet begun to audit tax returns covering tax years 2013 through 2016. 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 $1,418,965 as detailed below:

Underwriting Income		
Premiums earned		$127,678,334
Deductions:		
Losses and loss adjustment expenses incurred	$88,448,504	
Other underwriting expenses incurred	40,461,695	
Non voluntary pools costs & clad fees	95,039	
Total underwriting deductions		129,005,238
Net underwriting gain or (loss)		(1,326,904)
Investment Income		
Net investment income earned	$ 4,074,301	
Net realized capital gain	543,076	
Net investment gain		4,617,377
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (73,098)	
Finance and service charges not included in premiums	7,317	
Miscellaneous income	(61,182)	
Total other income		(126,963)
Net income before federal and foreign income taxes		3,163,510
Federal and foreign income taxes incurred		1,744,545
Net income		$ 1,418,965

C. Capital and Surplus

Surplus as regards policyholders increased $6,129,062 during the four-year examination period January 1, 2013 through December 31, 2016 as reported by the Company, detailed as follows:

Surplus as regards policyholders per Company as of December 31, 2012			$14,728,014
	Gains in Surplus	Losses in Surplus	
Net income	$1,418,965	$ 0	
Net unrealized capital losses		175,988	
Change in net deferred income tax	1,057,340		
Change in non-admitted assets	178,745		
Surplus adjustments paid in	3,650,000	0	
Total gains / losses	$6,305,050	$175,988	
Net increase in surplus			6,129,062
Surplus as regards policyholders per Company as of December 31, 2016			$20,857,076

Capital paid in is $3,000,000 consisting of 1,200,000 shares of $2.50 par value per share common stock. Gross paid in and contributed surplus is $4,565,844. Gross paid in and contributed surplus increased by $3,650,000 during the examination period, as follows:

Year	Description		Amount
2013	Beginning gross paid in and contributed surplus		$ 913,844
2015	Surplus contribution *	$3,500,000	
2016	Surplus contribution *	150,000	
	Total surplus contributions		3,650,000
2016	Ending gross paid in and contributed surplus		$4,563,844

* The Company received these surplus contributions from its parent AHG.

D. Analysis of Changes to Surplus

	Surplus Increase	Surplus Decrease	
Surplus as regards policyholders as of December 31, 2016 per filed annual statement			$20,857,076
Losses and loss adjustment expenses		$10,884,952	
Net increase (decrease) in surplus			(10,884,952)
Surplus at December 31, 2016, after examination adjustments			$ 9,972,124

E. Analysis of Changes to Income

	Income Increase	Income Decrease	
Net income for the examination period, as reported by the Company			$ 1,418,965
Change in losses and loss adjustment expenses		$10,884,952	
Net increase (decrease) in income			(10,884,952)
Net gain (loss) for the examination period, after examination adjustments			$ (9,465,987)

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $32,542,000 is $10,884,952 more than the $21,657,048 reported by the Company in its December 31, 2016, filed annual statement, which represents 52.2% of the Company's surplus of $20,857,076 as of December 31, 2016. 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").

The Company has had one-year adverse development, as measured by Schedule P, Part 2 Summary, in excess of 5% of Surplus in at least three of the last five calendar years.

Section 1303 of the New York Insurance Law states in part:

> "Every insurer shall…maintain reserves in an amount estimated in the aggregate to provide for the payment of all losses or claims incurred on or prior to the date of statement, whether reported or unreported, which are unpaid as of such date and for which such insurer may be liable, and also reserves in an amount estimated to provide for the expenses of adjustment or settlement of such losses or claims."

Further, Paragraph 10 of SSAP No. 55 states:

> "The liability for claim reserves and claim liabilities, unpaid losses, and loss/claim adjustment expenses shall be based upon the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience."

It is recommended that the Company address the ongoing reserve inadequacies and increase its carried reserves to an appropriate level, pursuant to the provisions of Section 1303 of the New York Insurance Law and Paragraph 10 of SSAP No. 55. Subsequent to the examination, the Company recognized $9.674 million of the $10.885 million examination deficiency in the 2017 annual statement.

Further, it is recommended that the Company's future actuarial report underlying the statement of actuarial opinion provides sufficient details of documentation and footnotes to clearly explain the calculations so that an independent reviewer can evaluate the work.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	Management	
i.	It is recommended that board members who are unable or unwilling to attend meetings consistently should resign or be replaced. The Company has complied with this recommendation.	5
ii.	It is recommended that the Company comply with Article III – Section 2 of its by-law, paragraph 6 of its charter, and Article – Section 602(b) of the Business Corporation Law for the election of its board members. The Company has complied with this recommendation.	6
iii.	It is recommended that the Company amend its charter or by-laws so that the documents agree as to the date and time of the annual shareholder's meeting. The Company has complied with this recommendation.	6
B.	Risk Management and Internal Controls	
i.	It is recommended that the Company continue its efforts on establishing an accounting manual. This recommendation is no longer applicable since the Company was purchased by Atlas Financial Holdings, Inc. in 2015.	14
ii.	It is recommended that the Company continue its efforts on transitioning to ACCPAC. This recommendation is no longer applicable since the Company was purchased by Atlas Financial Holdings, Inc. in 2015.	15
iii.	It is recommended that the Company take the necessary steps to address the weaknesses in its IT controls and/or processes in order to improve or strengthen its operational integrity, efficiency and effectiveness. The Company has not complied with this recommendation. A similar recommendation is included in this report.	15

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Corporate Governance	
i.	It is recommended that the Company comply with Section 1206(b) of the New York Insurance Law and notify the Department at least 30 days before any changes to the charter are made.	5
ii.	It is recommended that the Company amend its charter to include all the kinds of insurance that it is authorized to transact.	5
iii.	It is recommended that the Company comply with its by-laws and appoint at least three members for each committee.	5
iv.	It is recommended that the Company comply with its by-laws and hold shareholder meetings in accordance with Article II, Section 1 of its by-laws.	5
v.	It is recommended that in the future the Company comply with Department Regulation 118, Section 89.12 and notify the Department within 30 days of any change in audit committee membership.	6
B.	Risk Management and Internal Controls	
i.	It is recommended that the Company strengthen controls in the IT areas by establishing formal policies and procedures.	12
C.	Losses and Loss Adjustment Expenses	
i.	It is recommended that the Company address the ongoing reserve inadequacies and increase its carried reserves to an appropriate level, pursuant to the provisions of Section 1303 of the New York Insurance Law and Paragraph 10 of SSAP No. 55.	18
ii.	It is recommended that the Company's future actuarial report underlying the statement of actuarial opinion provides sufficient details of documentation and footnotes to clearly explain the calculations so that an independent reviewer can evaluate the work.	18

Respectfully submitted,

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Teena Joseph
Senior Insurance Examiner

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

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

____
Teena Joseph

Subscribed and sworn to before me

this__________ day of ___________________, 2018.

APPOINTMENT NO. 31638

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:*

Teena Joseph

as a proper person to examine the affairs of the

Global Liberty Insurance Company of New York

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

COMPANY

with such other information as she 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 1st day of June, 2017

MARIA T. VULLO
Superintendent of Financial Services

By:

Joan Riddell
Deputy Bureau Chief