REPORT ON EXAMINATION

OF THE

KINGSTONE INSURANCE COMPANY

AS OF

DECEMBER 31, 2015

DATE OF REPORT	APRIL 28, 2017
EXAMINER	WAYNE LONGMORE

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

April 28, 2017

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

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 31487 dated May 24, 2016 attached hereto, I have made an examination into the condition and affairs of Kingstone Insurance Company as of December 31, 2015, and submit the following report thereon.

Wherever the designation “the Company” or "KICO" appears herein without qualification, it should be understood to indicate Kingstone Insurance Company.

Wherever the term “Department” appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

The examination was conducted at the Company’s home office located at 15 Joys Lane, Kingston, NY 12401.

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, 2011. This examination covered the four-year period from January 1, 2012 through December 31, 2015. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

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.

This examination report includes a summary of significant findings for the following items as called for in the Handbook:

Company history
Corporate records
Management and control
Territory and plan of operation
Growth of Company
Loss experience
Reinsurance
Accounts and records
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 organized in 1886 under the name of the Co-operative Fire Insurance Company of Greene, Schoharie and Delaware Counties. It was the first advanced premium cooperative fire insurance company in New York. In 1922 the Company changed its name to The Co-operative Fire Insurance Company of Catskill and in 1935 the Company assumed all of the assets and liabilities of its affiliate, the Commercial Mutual Fire Insurance Company of Greene County. In 1976, the merged company adopted the name of Commercial Mutual Insurance Company ("CMIC").

On April 1, 1998, Eagle Insurance Company ("Eagle") obtained a controlling interest of the Company by investing $3 million in the form of a Section 1307 surplus note. On March 12, 1999, Eagle purchased another surplus note in the amount of $750,000. Interest accrued on the surplus notes at a rate of the lesser of 8.5% per annum or prime. Payment of principal and interest on the surplus notes can only be made with the prior approval of the Department. The Company paid $375,000 of accrued interest from inception until the date of discharge.

On January 31, 2006, the surplus notes with a principal amount of $3,750,000 were sold by Eagle to the DCAP Group, Inc., currently known as Kingstone Companies, Inc. ("KINS").

In March 2007, the Company's Board of Directors approved a resolution to convert (demutualize) CMIC from an advance premium cooperative insurance company to a domestic stock property and casualty insurance company pursuant to Section 7307 of the New York Insurance Law. The charter, by-laws and plan of conversion were submitted to the Department and approved on April 15, 2009. On June 8, 2009, the eligible policyholders of CMIC voted in favor of the conversion by the required two-third majority. On June 30, 2009, the Department gave final approval of the demutualization to become effective July 1, 2009. Upon the effective date of the conversion, CMIC's name was changed to Kingstone Insurance Company.

Pursuant to the plan of conversion, KINS acquired a 100% equity interest in the Company in consideration of the exchange of the $3,750,000 principal amount of surplus notes of CMIC.

Accordingly, on July 1, 2009, the Company issued 3,000 shares of common stock to KINS and the $3,750,000 surplus note was discharged. In addition, KINS forgave all accrued and unpaid interest on the surplus notes as of the date of conversion.

As of December 31, 2015, Article VIII of KICO's Charter states that "The amount of authorized capital of this Corporation is one million five hundred thousand and no/100 dollars ($1,500,000) divided into three thousand (3,000) shares consisting of one class, namely common stock of a par value of five hundred and no/100 dollars ($500.00) per share."

It is noted that there was a unanimous written consent, dated June 10, 2015, by KICO's Board, authorizing the transfer one million five hundred thousand dollars ($1,500,000) from surplus to the capital of KICO. There was no Charter amendment filed with the Department at the time of this unanimous written consent. See subsequent events section of this report for a discussion of the 2016 Charter amendment.

Therefore, as of December 31, 2015, capital paid in is one million five hundred thousand dollars ($1,500,000) consisting of three thousand (3,000) shares of a par value of five hundred dollars ($500.00) per share. Gross paid in and contributed surplus is $15,750,000.

Year	Description		Amount
2011	Beginning gross paid in and contributed surplus (per prior exam report as of 12/31/2011)		$ 2,250,000
2013	Surplus contribution	$ 15,000,000	
2015	Reclassification of paid in contributed surplus to common capital stock	(1,500,000)	
	Total surplus contributions		13,500,000
2015	Ending gross paid in and contributed surplus		$15,750,000

A. Management

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of not less than seven nor more than eighteen persons.

The board meets at least four times during each calendar year.

As of December 31, 2015, the board of directors was comprised of the following eleven members:

Name and Residence	Principal Business Affiliation
Victor J. Brodsky Woodmere, NY	Chief Financial Officer & Treasurer, Kingstone Companies, Inc.
	Chief Financial Officer, Senior Vice President & Chief Risk Officer, Kingstone Insurance Company
Barry B. Goldstein Hewlett, NY	Chairman of the Board, President & Chief Executive Officer, Kingstone Companies, Inc.
	President, Chief Executive Officer & Chief Investment Officer, Kingstone Insurance Company
Jay M. Haft New York, NY	Director, Chairman of Nominating Committee & Chairman of Corporate Governance Committee, Kingstone Companies, Inc.
	Consultant, ColumbusNova, Inc.
Karl J. Houseknecht Kingston, NY	Treasurer & Controller, Kingstone Insurance Company
John D. Reiersen Port Jefferson, NY	Executive Vice President, Kingstone Insurance Company
Thomas G. Seccia, Jr. Carmel, NY	Chief Administrative Officer, Corporate Secretary & General Counsel, Kingstone Insurance Company
Jack D. Seibald Hewlett, NY	Director & Chairman of Compensation Committee, Kingstone Companies, Inc.
	Director & Chairman of Investment Committee, Kingstone Insurance Company

	Broker-Dealer/Investment Advisor Executive, Cowen Prime Services, LLC.
Steven Shapiro Dix Hills, NY	Director & Chairman of Nominating Committee, Kingstone Insurance Company
	Sales Coordinator/Management, ATC Express Freight, Inc.
Floyd R. Tupper, CPA New York, NY	Director & Chairman of Audit Committee, Kingstone Companies, Inc.
	Chairman of Audit Committee, Kingstone Insurance Company
Benjamin A. Walden Centerport, NY	Senior Vice President & Chief Actuary Kingstone Insurance Company
Samuel Yedid Hewlett, NY	Director & Chairman of Compensation Committee, Kingstone Insurance Company
	Partner, Lazer, Aptheker, Rosella & Yedid, P.C.

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 member has an acceptable record of attendance.

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

Name	Title
Barry B. Goldstein	Chairman of the Board, President, Chief Executive Officer, & Chief Investment Officer
Victor J. Brodsky	Chief Financial Officer, &Chief Risk Officer
Karl J. Houseknecht	Treasurer
Thomas G. Seccia, Jr.	Corporate Secretary/General Counsel
Benjamin A. Walden	Senior Vice President & Chief Actuary

B. Territory and Plan of Operation

As of December 31, 2015, the Company was licensed to write business in five states: New York, Texas, Connecticut, New Jersey and Pennsylvania. The Company became licensed in Rhode Island in March 2016.

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
19	Motor Vehicle and Aircraft Physical Damage
20	Marine and Inland Marine (inland only)

Based on the lines of business for which the Company is licensed 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 $1,700,000.

The following schedule shows the direct premiums written by the Company, both in total and in New York, for the period under examination:

Calendar Year	New York State	Total Premiums	Premiums Written in New York State as a Percentage of Total Premium
2012	$49,243,271	$49,251,630	99.98%
2013	$60,422,005	$60,449,077	99.96%
2014	$76,203,271	$76,255,427	99.93%
2015	$90,938,862	$91,003,968	99.93%

The majority of the Company's 2015 business is written in New York State with the remainder being written in Pennsylvania. The four largest lines of business, by percentage of total direct written premiums in 2015 are homeowners multiple peril (52%), commercial multiple peril (13%), fire (13%), and auto physical damage (10%). The Company does not write direct. Its business originates from approximately four hundred brokers and seven independent agents.

The Company maintains a branch office in Valley Stream, NY.

C. Reinsurance

Assumed Reinsurance

As of December 31, 2015, KICO's assumed reinsurance accounted for less than 1% of the Company's gross premium written. The assumed reinsurance consists entirely of the Company's participation in a mandatory pool, The New York Special Risk Distribution Program ("NYSRDP").

Ceded Reinsurance

The Company's reinsurance program includes a combination of excess of loss, quota share and catastrophe coverages. The Company has structured its ceded reinsurance program to limit its maximum exposure on any one risk. The following is a summary of the coverage provided:

1. Personal Lines

   a. Personal Lines Excess of Loss:

      The Company cedes in two layers up to $3,750,000 in excess of $750,000 ultimate net loss any one risk, subject to per layer limits. The Company has a quota share reinsurance agreement, described below, which inures to the benefit of the excess of loss coverage decreasing its retention to $450,000.

   b. Personal Lines Quota Share:

      The Company has a personal lines quota share agreement in which the reinsurers will assume 40% of the Company's net liability related to personal lines business. The reinsurers' liability for losses from property business shall not exceed $4,000,000 in regard to any one catastrophic event or $8,000,000 as respects all catastrophic events commencing during the term of the contract, and $5,000,000 from an act of terrorism involving biological, radioactive, or nuclear pollution or contamination or explosion.

c. Property Catastrophe Coverage:

The Company cedes in three layers up to $176,000,000 per occurrence in excess of $4,000,000. The Company has a quota share reinsurance agreement, described above, which inures to the benefit of the catastrophe coverage decreasing its retention to $2,400,000. The reinsurer agrees to indemnify the Company for any reinstatement premium which the Company pays or becomes liable to pay as a result of loss occurrences covered under the First Excess layer of the property catastrophe excess of loss reinsurance agreement, $16,000,000 in excess of $4,000,000 per occurrence, limit $32,000,000 during the term of the contract.

2. Commercial Lines Excess of Loss

The Company cedes in two layers up to $4,075,000 in excess of $425,000 ultimate net loss, any one risk, each loss, any one loss occurrence, subject to per layer limits.

3. Personal Umbrella Liability

For the period July 1, 2015 through July 1, 2016 all business is covered by one treaty designed to cap the Company's any one policy, any one occurrence limit at $100,000. The treaty terms are as follows:

- 90% quota share of the Company’s net liability for the first $1,000,000; and
- 100% quota share of the Company’s net liability for limits above the first $1,000,000, if written

4. Boiler and Machinery

- Equipment Breakdown quota share
- 100% Authorized
- 100% of $50,000 any one accident, any one policy.

5. Commercial Auto (Treaty in Runoff)

For the period July 1, 2014 to July 1, 2015 commercial auto business is covered by one treaty in order to cap the Company’s per occurrence limit at $300,000. The agreement was not renewed at its July 1, 2015 termination as the Company planned reductions in the writings of the underlying business.

The Company ceded to authorized and unauthorized reinsurers during the period under examination. It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized reinsurers.

All significant ceded reinsurance agreements in effect as of the examination date were reviewed for required and standard clauses.

<u>Insolvency Clause</u>

The insolvency clauses in the Company’s ceding agreements make reference to a novation. Department Circular Letter No. 5 (1988) states, in part, the following in reference to a novation:

> “Any references to such an event in the reinsurance agreement should indicate that, prior to the implementation of a novation, the certificate of assumption on New York risks would have to be approved by the Superintendent.”

It is recommended that the Company comply with Department Circular Letter No. 5 (1988) and indicate in all reinsurance contracts that make reference to a novation that, prior to the implementation of a novation, the certificate of assumption on New York risks would have to be approved by the Superintendent.

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

D. Holding Company System

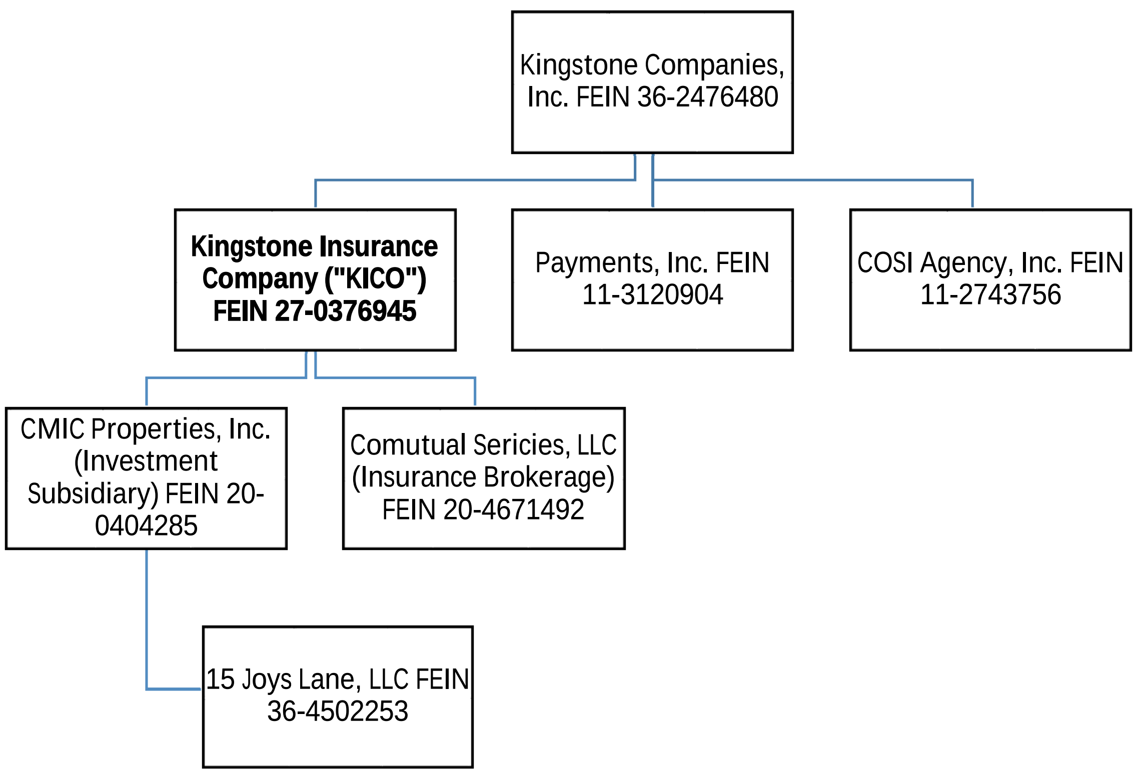
The Company is a wholly-owned subsidiary of Kingstone Companies, Inc. ("KINS").

As of December 31, 2015, KINS was publicly traded on the National Association of Securities Dealers Automated Quotations System ("NASDAQ") under the symbol KINS.

Management identified beneficial owners of KINS as of December 31, 2015 as including CEO Barry Goldstein (approximately 15% of common shares) and KICO Director Jack Seibald (approximately 5% of common shares).

A review of the Holding Company Registration Statements filed with this Department indicates 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 organizational chart outlining the relationship between members of the holding company group as of December 31, 2015:



The Company has two subsidiaries in its holding company system at December 31, 2015, each of which is described below:

CMIC Properties, Inc. ("CPI")

CPI was organized in 2003 and is a wholly owned subsidiary of the Company. CPI owns 100% of 15 Joys Lane, LLC ("the LLC"). The LLC in-turn owns 100% of the Company's home office building located at 15 Joys Lane, Kingston, New York 12401 along with an adjacent building at 9 Joys Lane, Kingston, New York, that is used as a guest house. Both buildings were appraised in August, 2015 for $1,925,000. The value of the LLC is being carried as the primary asset on the books of CPI. Since CPI is a wholly owned subsidiary of the Company, CPI is being valued on the books of the Company, using the equity method, at $1.797 million. CPI has no other function but to manage properties owned by 15 Joys Lane, LLC.

In 2003, KICO and the LLC entered into a 10-year lease of the Company's home office. That lease was renewed in 2012 and extended through February 28, 2023 with rent payable in equal monthly installments of $13,325.

Comutual Services, LLC.

Comutual Services, LLC, a wholly-owned subsidiary of the Company, is licensed as an Insurance Broker in New York. This subsidiary has a brokerage agreement in place with the Company.

Tax Allocation Agreement

This agreement was entered into June 28, 2012 and was made effective January 1, 2012 by and between Kingstone Insurance Company and Kingstone Companies, Inc. The agreement was non-objected to in a letter from the Department dated July 18, 2012. The agreement provides for the calculation of the Company's tax liability on a separate return basis. Settlements under the agreement shall be made within thirty days following the later of the filing of the applicable consolidated tax return or the receipt of a tax refund.

E. Significant Operating Ratios

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

Net premiums written to policyholders' surplus	155%
Adjusted liabilities to liquid assets	64%
Gross agents' balances (in collection) to policyholders' surplus	4%

All of the above ratios fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners.

The underwriting ratios presented below are on an earned/incurred basis and encompass the four-year period covered by this examination:

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$ 64,973,434	53.84%
Other underwriting expenses incurred	43,074,918	35.69
Net underwriting gain	12,633,994	10.47
Premiums earned	$120,682,346	100.00%

F. Accounts and Records

i. Compliance with Section 312(b) of NYIL

Section 312(b) of the New York State Insurance Law ("NYIL") states in part the following:

> "A copy of the report shall be furnished by such insurer or other person to each member of its board of directors and each such member shall sign a statement which shall be retained in the insurer's files confirming that such member has received and read such report."

The Company was unable to document that all of its directors complied with the above requirement. One director did not sign such a statement relative to the December 31, 2011 Report on Examination.

It is recommended that the Company comply with Section 312(b) of NYIL and require each director sign the statement to confirm each has received and read the report on examination.

ii. By-law compliance - Par value of Company shares

During the review of KICO's By-Laws the following was observed:

Article VI Capital Stock, Section 1- Stock Certificates of KICO's by-laws state that each certificate representing shares shall also state upon the face thereof that the Corporation is organized under the laws of the State of New York; the name of the person to whom issued; the number and class of shares, and the designation of the series, if any, which such certificate represents; and the par value of each share represented by such certificate.

The share certificate that was issued by KICO to its parent, Kingstone Companies, Inc., states no par value.

It is recommended that the Company comply with Article VI Capital Stock, Section 1- Stock Certificates of its by-laws and ensure that each certificate representing shares state upon the face thereof the par value of each share represented by such certificate.

iii. Compliance with Regulation 152- Record Retention

Company management could not locate a number of underwriting documents that were requested for review during the course of the examination.

Section 243.2(a) of New York Regulation 152 states that "In addition to any other requirement contained in Insurance Law Section 325, any other Section of the Insurance Law or other law, or any other provision of this Title, every insurer shall maintain its claims, rating, underwriting, marketing, complaint, financial, and producer licensing records, and such other records subject to examination by the superintendent, in accordance with the provisions of this Part."

It is recommended that the Company comply with the record retention requirements of Section 243.2 of New York Regulation 152.

3. FINANCIAL STATEMENTS

A. Balance Sheet

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

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$ 67,107,546	$ 0	$ 67,107,546
Preferred stocks (stocks)	2,854,474	0	2,854,474
Common stocks (stocks)	8,086,579	200	8,086,379
Cash, cash equivalents and short-term investments	12,388,775	0	12,388,775
Investment income due and accrued	694,239	0	694,239
Uncollected premiums and agents' balances in the course of collection	1,604,297	230,908	1,373,389
Deferred premiums, agents' balances and installments booked but deferred and not yet due	9,248,267	0	9,248,267
Amounts recoverable from reinsurers	2,047,979	0	2,047,979
Other amounts receivable under reinsurance Contracts	(1,277,900)	0	(1,277,900)
Net deferred tax asset	2,641,923	0	2,641,923
Electronic data processing equipment and software	1,157,805	1,038,443	119,362
Receivables from parent, subsidiaries and affiliates	177,278	0	177,278
Equity in New York Property Insurance Underwriting Association ("NYPIUA")	(129,861)	(950)	(128,911)
Other Assets	197,234	194,641	2,593
Total assets	$106,798,635	$1,463,242	$105,335,393

Liabilities, surplus and other funds

Liabilities		
Losses and loss adjustment expenses		$ 23,170,135
Commissions payable, contingent commissions and other similar charges		2,643,018
Other expenses (excluding taxes, licenses and fees)		1,229,725
Taxes, licenses and fees (excluding federal and foreign income taxes)		107,610
Current federal and foreign income taxes		710,815
Unearned premiums		36,374,349
Advance premium		1,199,376
Ceded reinsurance premiums payable (net of ceding commissions)		411,022
Funds held by company under reinsurance treaties		2,783
Amounts withheld or retained by company for account of others		207,952
Provision for reinsurance		73,243
Payable to parent, subsidiaries and affiliates		78,638
New York Special Risk Distribution Program premium deficiency reserve		15,378
Balance due to pools		38,385
Rounding		2
Total liabilities		$ 66,262,431
Surplus and other funds		
Common capital stock	$ 1,500,000	
Reclassification of Paid in Contributed Surplus to Common Capital Stock	1,500,000	
Gross paid in and contributed surplus	15,750,000	
Unassigned funds (surplus)	20,322,962	
Surplus as regards policyholders		39,072,962
Total liabilities, surplus and other funds		$105,335,393

NOTE: The examiner is unaware of any potential exposure of the Company to any tax assessment and no liability has been established herein relative to such contingency.

B. Statement of Income

Net income for the four-year examination period, January 1, 2012 to December 31, 2015, was $14,449,414, as detailed below.

Underwriting Income		
Premiums earned		$120,682,346
Deductions:		
Losses and loss adjustment expenses incurred	$ 64,973,434	
Other underwriting expenses incurred	43,167,909	
Increase in Reserve for Future Uncollectible Reinsurance	(92,991)	
Total underwriting deductions		108,048,352
Net underwriting gain		$ 12,633,994
Investment Income		
Net investment income earned	$ 6,573,940	
Net realized capital gain	984,216	
Net investment gain		7,558,156
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (358,918)	
Finance and service charges not included in premiums	3,173,083	
Change in pooling premium reserve deficiency	(16,735)	
Pooling Miscellaneous Income	2,702	
Federal Deposit Insurance Corporation ("FDIC") Recovery on Waterfield Bank Failure	51,587	
Other miscellaneous income	8,265	
Total other income		2,859,984
Net income before dividends to policyholders and before federal and foreign income taxes		$ 23,052,134
Federal and foreign income taxes incurred		8,602,720
Net Income		$ 14,449,414

C. Capital and Surplus Account

Surplus as regards policyholders increased $39,072,962 during the four-year examination period, January 1, 2012 through December 31, 2015, detail as follows:

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders per report on examination as of December 31, 2011			$13,602,701
Net income	$14,449,414		
Net unrealized capital gains or (losses)	101,037		
Change in net deferred income tax	1,805,677		
Change in non-admitted assets		$1,262,624	
Change in provision for reinsurance		73,243	
Capital changes paid in	1,500,000		
Surplus adjustments paid in	13,500,000		
Dividends to stockholders	0	4,550,000	
Net increase (decrease) in surplus	$31,356,128	$5,885,867	25,470,261
Surplus as regards policyholders per report on examination as of December 31, 2015			$39,072,962

4. **LOSSES AND LOSS ADJUSTMENT EXPENSES**

The examination liability for the captioned items of $23,170,135 is the same as reported by the Company as of December 31, 2015. The examination analysis was conducted in accordance with generally accepted actuarial principles and statutory accounting principles, including the NAIC Accounting Practices & Procedures Manual, Statement of Statutory Accounting Principle No. 55 (“SSAP No. 55”).

5. **SUBSEQUENT EVENTS**

Pursuant to a November 9, 2016 charter amendment, KICO’s authorized capital and par value per share were increased. Therefore, per the amendment, the amount of authorized capital is now $3 million comprising of 3,000 common shares with a par value of $1,000 per share.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	Management	
i.	It was recommended that the Company exercise due care in obtaining and maintaining signed conflict of interest questionnaires from its board of directors, officers and key employees.	6
	The Company has complied with this recommendation.	
B.	Holding Company	
	It was recommended that the Company complies with the filing requirements of section 81-1.2 of Department Regulation 53 as it pertains to its current subsidiary, CMIC Properties Inc., Comutual Services LLC., and 15 Joys Lane LLC.	10
	The Company has complied with this recommendation.	
C.	Accounts and Records	
	It was recommended that the Company fix its IDP Direct Bill Aged Receivables report so that the aging categories, current amount due, and future installments due amounts are accurate.	11
	The Company has not complied with this recommendation. However, a similar comment is not included in this report since the difference was immaterial to the Company's reported surplus position, as of the examination date.	
D.	Losses and Loss Adjustment Expenses	
	It was recommended that the Company establish DCC known case reserves and segregate them from known pure losses when filing its Schedule P data in the future.	15
	The Company has complied with this recommendation.	

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Reinsurance	
	It is recommended that the Company comply with Department Circular Letter No. 5 (1988) and indicate in all reinsurance contracts that make reference to a novation that, prior to the implementation of a novation, the certificate of assumption on New York risks would have to be approved by the Superintendent.	10
B.	Accounts and Records	
i.	It is recommended that the Company comply with Section 312(b) of the New York Insurance Law and require each director sign the statement to confirm each has received and read the report on examination.	14
ii.	It is recommended that the Company comply with Article VI Capital Stock, Section 1- Stock Certificates of its by-laws and ensure that each certificate representing shares state upon the face thereof the par value of each share represented by such certificate.	14
iii.	It is recommended that the Company comply with the record retention requirements of Section 243.2 of New York Regulation 152.	14

Respectfully submitted,

____
Wayne Longmore
Associate Insurance Examiner

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

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

____
Wayne Longmore

____

Subscribed and sworn to before me

this_________ day of _________________, 2017.

____

APPOINTMENT NO. 31487

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **Maria T. Vullo**, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Wayne Longmore

as a proper person to examine the affairs of the

Kingstone 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 24th day of May, 2016

MARIA T. VULLO
Acting Superintendent of Financial Services

By:

Eileen Fox
Assistant Chief Examiner

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
EXCELSIOR