REPORT ON EXAMINATION

OF

UNITED FARM FAMILY INSURANCE COMPANY

AS OF

DECEMBER 31, 2015

DATE OF REPORT	MAY 23, 2017
EXAMINER	LAMIN JAMMEH

TABLE OF CONTENTS

May 23, 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 31397 dated January 07, 2016, attached hereto, I have made an examination into the condition and affairs of United Farm Family Insurance Company as of December 31, 2015, and submit the following report thereon.

Wherever the designation "the Company" or "UFFIC" appears herein without qualification, it should be understood to indicate United Farm Family 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 344 Route 9W, Glenmont, NY 12077.

1. SCOPE OF EXAMINATION

The Department has performed a coordinated group 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.

The examination was conducted in conjunction with the state of Texas, which was the coordinating state of the American National Insurance Group. The examination was performed concurrently with the examinations of the following insurers:

Company	State of Domicile
American National Insurance Company (ANICO)	Texas
American National County Mutual Insurance Company (ANCMIC)	Texas
American National General Insurance Company (ANGIC)	Missouri
American National Life Insurance Company of New York (ANICONY)	New York
American National Life Insurance Company of Texas (ANTEX)	Texas
American National Lloyds Insurance Company (ANLIC)	Texas
American National Property And Casualty Company (ANPAC)	Missouri
ANPAC Louisiana Insurance Company (ANPAC LA)	Louisiana
Farm Family Casualty Insurance Company (FFCIC)	New York
Farm Family Life Insurance Company (FFLIC)	New York
Garden State Life Insurance Company (GSLIC)	Texas
Pacific Property And Casualty Company (Pacific)	California
Standard Life and Accident Insurance Company (SLAICO)	Texas

Other states participating in this examination were California, Louisiana, and Missouri.

This examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook ("Handbook"), which requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All financially significant accounts and activities of the Company were considered in accordance with the risk-focused examination process. This examination also included a review and evaluation of the Company's own control environment assessment and an evaluation based upon the Company's Sarbanes Oxley documentation and testing. The examiners also relied upon audit work performed by the Company's independent public accountants where deemed appropriate.

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

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

The Company was incorporated under the laws of the State of New York on February 25, 1988, became licensed and commenced business on January 1, 1989.

Prior to December 2004, Farm Family Life Insurance Company ("FFLIC") owned 100% of the outstanding shares of stock of the Company. On December 1, 2004, FFLIC transferred all of its outstanding shares of UFFIC to Farm Family Holdings, Inc. ("FFH").

On August 23, 2007, American National Property and Casualty Holding Company LLC merged into Farm Family Holdings, Inc., with Farm Family Holdings, Inc. being the surviving entity. At the same time Farm Family Holdings, Inc. changed its name to American National Property & Casualty Holdings, Inc. ("ANPAC Holdings").

Capital paid in is $3,500,000 consisting of 10,000 shares of $350 par value per share common stock. Gross paid in and contributed surplus is $4,700,000. Gross paid in and contributed surplus and capital paid in did not change during the examination period.

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 or more than fifteen members. The board met at least four times during each calendar year for the period under examination. At December 31, 2015, the board of directors was comprised of the following eleven members:

Name and Residence	Principal Business Affiliation
John J. Dunn, Jr. League City, TX	Executive Vice President, Chief Financial Officer and Treasurer, ANICO
Irwin M. Herz, Jr. Galveston, TX	Partner/Attorney, Greer, Herz & Adams, LLP
A. Ingrid Moody Kemah, TX	Volunteer worker and former farmer
Edward J. Muhl Malvern, PA	Retired Partner, PricewaterhouseCoopers, LLP

Name and Residence	Principal Business Affiliation
Gregory V. Ostergren Springfield, MO	Chairman, President and Chief Executive Officer, ANPAC
Elvin J. Pederson Galveston, TX	Managing Director, CitareTx Management, LLC
James E. Pozzi Galveston, TX	President and Chief Executive Officer, ANICO
Victoria M. Stanton Glenmont, NY	Executive Vice President, General Counsel and Secretary, Farm Family Companies
Timothy A. Walsh Friendswood, TX	President and Chief Executive Officer, Farm Family Companies
Ronald J. Welch League City, TX	Retired Senior Executive Vice President, Corporate Risk Officer and Chief Actuary, ANICO
James D. Yarbrough Galveston, TX	Mayor Galveston, TX

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, 2015, the principal officers of the Company were as follows:

Name	Title
Timothy A. Walsh	President and Chief Executive Officer
Victoria M. Stanton	Executive Vice President, General Counsel and Secretary
Michele M. Bartkowski	Senior Vice President, Chief Financial Officer and Treasurer

B. Territory and Plan of Operation

As of December 31, 2015, the Company was licensed to write business in seven states: Delaware, Maryland, New Jersey, New York, Pennsylvania, Vermont and West Virginia.

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
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity
26(B)	Motor vehicle lessee/debtor gap insurance

The Company is also authorized to transact such workers' compensation insurance as may be incident to coverages contemplated under paragraphs 20 and 21 of Section 1113(a), including insurances described in the Longshore and Harbor Workers' Compensation Act (Public Law No. 803, 69 Cong. as amended; 33 USC Section 901 et seq. as amended).

Based on the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of $4,000,000.

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	$1,389,865	$23,933,396	5.81%
2013	$6,379,609	$32,967,338	19.35%
2014	$12,629,954	$45,333,400	27.86%
2015	$17,380,399	$74,543,242	23.32%

The largest lines of business for UFFIC are commercial auto liability, private passenger auto liability and workers' compensation, which account for 16.05%, 16.02% and 13.33%, respectively of the Company's 2015 direct premiums written. The "Special Farm Package 10" (SFP-10) is considered to be FFCIC's and UFFIC's ("the Pool group") flagship product. This policy is a flexible, multi-line insurance contract that combines property and liability coverages for farm owners and a wide array of other agricultural businesses such as horse breeding and training facilities, nurseries, wineries and greenhouses. Personal auto, the Pool group's second largest line of business is generally marketed in conjunction with other lines. The Pool group also offers business owners, artisan contractors, commercial automobile and workers' compensation products. Rounding out the primary product portfolio are commercial and personal umbrella policies, commercial general liability and a small number of claims-made pollution policies for farm risk.

As of December 31, 2015, the Company wrote business primarily through career (exclusive) agents.

C. Reinsurance

Assumed reinsurance accounted for approximately 10% of the Company's gross premium written at December 31, 2015. Approximately 99.9% of the Company's assumed premium is attributable to the pooling agreement with the Company's affiliate, FFCIC. During the period covered by this examination, the Company's assumed reinsurance business has increased since the last examination. The Company utilizes reinsurance accounting as defined in Statement of Statutory Accounting Principle ("SSAP") No. 62R for all of its assumed reinsurance business.

Effective January 1, 2004 the Company entered into a pooling agreement with FFCIC. Under the terms of the agreement, UFFIC cedes 100% quota share of its assumed and direct business to the FFCIC, net of any external reinsurance. FFCIC then retrocedes 2% quota share of its net direct and assumed business to the Company. The pooling agreement allocation percentages have remained unchanged since inception, however, the agreement was amended effective March 5, 2010 modifying the terms of the provision relating to cash calls. Both the agreement and subsequent amendment were non-objected to by the Department in letters dated June 29, 2004 and March 5, 2010 pursuant to the requirements of 1505(d) (2) of the New York Insurance Law.

As a result of the pooling agreement, the Company has approximately $81,673,000 in unsecured reinsurance from FFCIC in 2015, representing 655% of surplus.

Ceded reinsurance

The property and casualty members of the ANICO group purchase external reinsurance to manage catastrophe and other exposures on a combined basis, whereby the companies share limits and retentions. The group's reinsurance agreements are primarily excess of loss contracts, which are principally categorized as Corporate Catastrophe, Regional Covers, and Working Layers. The reinsurance agreements are placed with multiple reinsurers in multiple layers through the reinsurance intermediary/broker, Aon Benfield, Inc.

The Company has structured its ceded reinsurance program as of December 31, 2015, as follows:

Type of Treaty	Cession
Working Layers	
Excess Multiple Line	Property Business: $5 million excess $1 million any one risk, each loss; limit $10 million per occurrence. Terrorism: $5 million excess $1 million any one risk each loss; limit $10 million in all during the term of the contract and any runoff period. Casualty Business: $5 million excess $1 million per occurrence ($6 million as respects any one occurrence involving at least one $2 million per occurrence policy issued by the Company in accordance with this contract).

Type of Treaty	Cession
	As respects all Workers Compensation losses arising out of acts of terrorism $5 million excess $1 million; limit $20 million as respects all Workers Compensation losses during the term of the contract and any runoff period. Pollution Liability: $5 million excess $1 million any one policy, each pollution incident; limit $5 million as respects all losses arising out of all pollution liability policies involved in all pollution incidents reported during the term of this contract and any runoff period.
Property Excess per Risk	$14 million excess $6 million any one risk, each loss any one loss occurrence; limit $49 million during the term of the contract (or during any runoff period). Liability of the reinsurer for losses arising out of acts of terrorism or toxic mold shall not exceed $ 14 million in all during the term of the contract or any runoff period.
Excess Casualty Clash (4 layers)	$54 million excess $6 million ultimate net loss per occurrence; limit $108 million during the term of the contract (or during any runoff period). Liability of the reinsurer for all Workers Compensation losses arising out of acts of terrorism shall not exceed $54 million in all during the term of the contract or any runoff period; Liability of the reinsurer for all toxic mold related losses shall not exceed $54 million in all during the term of the contract or any runoff period. (Note: For all layers above as respects any one occurrence involving at least one $2 million per occurrence policy issued by the Company in accordance with the contract the Company's retention for each excess layer shall be increased by $1 million).
Regional Covers	
Earthquake Property Catastrophe Excess of loss	100% of $25 million in excess of $10 million ultimate net loss each loss occurrence (two or more risks involved.
Property Catastrophe Excess of loss (Northeastern States)	66.67% of $25 million in excess of $10 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (Southeastern States)	66.67% of $25 million in excess of $10 million ultimate net loss each loss occurrence

Type of Treaty	Cession
Property Catastrophe Excess of loss (TX, AR,OK)	66.67% of $25 million in excess of $10 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (American National-A)	30.50% of $25 million in excess of $10 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (American National-B)	45.2125% of $20 million in excess of $15 million ultimate net loss each loss occurrence
Property Catastrophe Excess of loss (Stretch & Aggregate)	$35 million or 8.75% part of $400 million in excess of $100 million ultimate net loss each loss occurrence
	$35 million in excess of $5 million excess of $45 million aggregate incurred excess losses ultimate net loss each loss occurrence
Aggregate Property Catastrophe Excess	97.5% of $30 million in excess of $90 million aggregate subject ultimate net loss arising out of loss occurrence commencing during the term of the contract
Corporate Catastrophe (3 layers)	
Layers 1 & 2	60% of $165 million excess $35 million ultimate net loss per occurrence; limit $330 million during the term of the contract (or during any runoff period).
Layer 3	62.5% of $300 million excess $200 million ultimate net loss per occurrence; limit $600 million during the term of the contract (or during any runoff period).
Property Catastrophe Excess Stretch Reinstatable	25% of $465 million excess of $35 million ultimate net loss per occurrence.
Property Catastrophe Excess Stretch Single Shot	12.5% of $465 million excess of $35 million ultimate net loss per occurrence.

It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized reinsurers. The Company’s controls relative to obtaining letters of credit and trust accounts to take credit for cessions to unauthorized reinsurers were reviewed and were found to be appropriate and strong.

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.

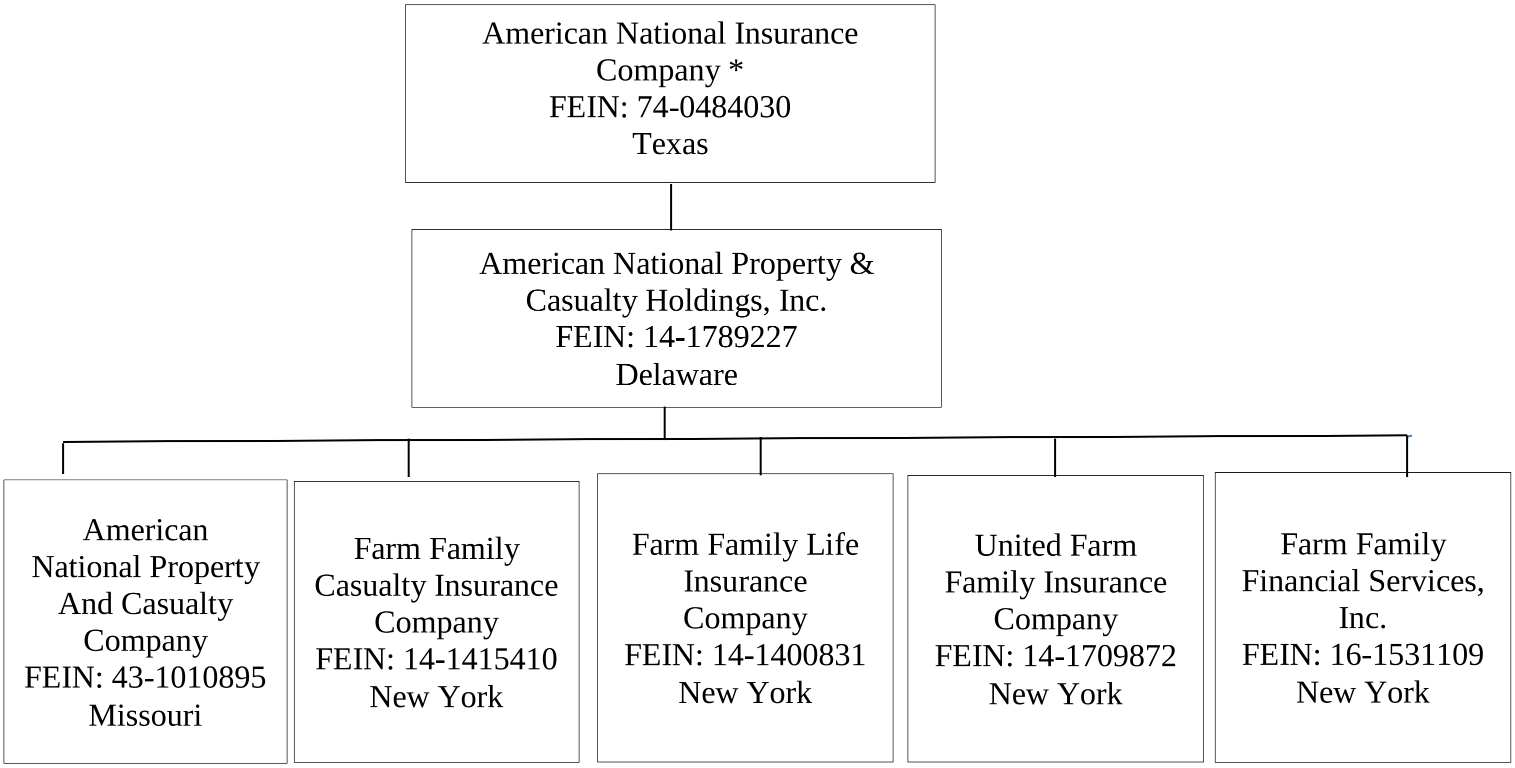
The examination review found that Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in 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 wholly-owned subsidiary of ANPAC Holdings. All of the outstanding common stock of ANPAC Holdings is directly owned by American National Insurance Company ("ANICO"). The ultimate controlling persons of the Company are The Libbie S. Moody Trust, and The Moody foundation which owned 36.99 percent 22.79 percent, respectively of ANICO.

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, 2015:



* The Libbie S. Moody Trust and The Moody foundation own 36.99% and 22.79%, respectively of ANICO.

As of December 31, 2015, the Company was party to the following agreements with other members of its holding company system:

Net Pooling Reinsurance Agreement

Refer to section 2.C. of this report for a description of the Net Pooling Reinsurance Agreement between the Company and Farm Family Casualty Insurance Company.

Service Agreement with Farm Family Casualty Insurance Company

Effective July 25, 1988, the Farm Family Mutual Insurance Company (predecessor in interest to the Farm Family Casualty Insurance Company) entered into a service agreement with the Company. The agreement provides that FFCIC will perform certain administrative and special services for the Company and allows the Company to make use of FFCIC's facilities. The Company reimburses FFCIC for all directly allocable expenses, reasonably and equitably determined to be attributable to the Company, plus a reasonable overhead charge determined periodically by the parties. The review of the allocation of expenses between the parties revealed that the charges are reasonable and in accordance with the requirements of Department Regulation No. 30.

This agreement predates April 6, 1999, the date Farm Family Life Insurance Company and UFFIC were acquired by Farm Family Holdings, Inc. and as such the agreement was not subject to the filing requirements of Section 1505 of the New York Insurance Law. The agreement was subsequently filed with this Department in July 2001 and was non-disapproved by the Department.

Amended and Restated Mortgage Loan and Real Estate Investment Services Agreement

The Company originally entered into this mortgage loan and real estate investment services agreement with FFCIC and ANICO effective June 1, 2001. Under the terms of the amended and restated agreement, effective March 11, 2010, ANICO agrees to solicit and underwrite proposed mortgage loans deemed by ANICO to be suitable mortgage loan investments for the Company and FFCIC and consistent with an Investment Plan approved by Company and FFCIC's Board of Directors.

The amended and restated agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-disapproved by the Department.

Amended and Restated Investment Advisory Agreement with ANICO

The Company and FFCIC entered into an investment advisory agreement with ANICO dated as of August 1, 2001. That agreement was amended and restated effective November 7, 2006, and March 11, 2010. Pursuant to the terms of the March 11, 2010 amended and restated agreement, ANICO shall act as the investment adviser and shall manage their investment portfolios in compliance with the laws and regulations of the State of New York. The agreement further states that the performance of services by ANICO as adviser pursuant to the agreement shall in no way impair the absolute control of the business and operations of FFCIC or UFFIC by their respective Boards of Directors.

This amended and restated agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-disapproved by the Department.

Tax Allocation Agreement

The Company participates in a tax payment allocation agreement with its ultimate parent, ANICO and American National Property and Casualty Holdings, Inc. for taxable years beginning January 1, 2008. This agreement provides that the tax charge or refund to the Company shall be the amount the Company would have paid or received if it had filed on a separate return basis with the Internal Revenue Service. The review of the agreement revealed that it is in substantial compliance with Department Circular Letter No. 33 (1979).

The agreement was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-disapproved by the Department.

Renewal Note with American National Property & Casualty Holdings, Inc. (f/k/a Farm Family Holdings, Inc.)

Effective July 1, 2014, the Company entered into a renewal note with its immediate parent, note holder ANPAC Holdings for a $5 million (principal amount), revolving line of credit.

The renewal note was filed with the Department pursuant to Section 1505(d) of the New York Insurance Law and was non-disapproved by the Department.

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 surplus as regards policyholders	67%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	61%
Premiums in course of collection to surplus as regards policyholders	24%

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	$22,549,354	73.56%
Other underwriting expenses incurred	9,165,797	29.90
Net underwriting loss	(1,060,153)	(3.46)
Premiums earned	$30,654,998	100.00%

F. Accounts and Records

Compliance With Prior Report Recommendation: Timely update of bank account signatory cards

The review and test of the Company's corrective action to the prior report recommendation found that two individuals who resigned/retired in May 2015 were still listed as signors in September 2016.

Based on the foregoing, the examiner has determined that the signatory cards were not updated in a timely manner and therefore the Company did not comply with the above prior report recommendation.

It is recommended that the Company update in a timely manner all signatory cards for all of its bank accounts to reflect changes in authorization approved by the board of directors.

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	$ 9,814,793	$ 0	$ 9,814,793
Cash, cash equivalents and short-term investments	3,305,446		3,305,446
Investment income due and accrued	63,160		63,160
Uncollected premiums and agents' balances in the course of collection	3,270,352	271,886	2,998,466
Deferred premiums, agents' balances and installments booked but deferred and not yet due	13,781,770	52,741	13,729,029
Amounts recoverable from reinsurers	2,304,824		2,304,824
Current federal and foreign income taxes and interest thereon	180,235	180,235	
Net deferred tax asset	983,372	176,161	807,211
Receivable from parent, subsidiaries, and affiliates	1,169,578		1,169,578
Employee and agent balances	24,088	24,088	
Equities and deposits in pools and association	(2,696)	0	(2,696)
Total assets	$34,894,922	$705,111	$34,189,811

Liabilities, surplus and other funds

		Examination
Liabilities		
Losses and Loss Adjustment Expenses		$ 9,712,856
Reinsurance payable on paid losses and loss adjustment expenses		442,268
Commissions payable, contingent commissions and other similar charges		85,947
Other expenses (excluding taxes, licenses and fees)		100,770
Taxes, licenses and fees (excluding federal and foreign income taxes)		79,533
Unearned premiums		4,045,347
Advance premium		1,174,918
Ceded reinsurance premiums payable (net of ceding commissions)		5,199,907
Amounts withheld or retained by company for account of others		493,765
Remittances and items not allocated		(5,978)
Payable to parent, subsidiaries and affiliates		278,513
Uncashed check reserve		113,461
Total liabilities		$21,721,307
Surplus and other funds		
Common capital stock	$3,500,000	
Gross paid in and contributed surplus	4,700,000	
Unassigned funds (surplus)	4,268,504	
Surplus as regards policyholders		12,468,504
Total liabilities, surplus and other funds		$34,189,811

Note: The Internal Revenue Service is currently auditing the Company's consolidated Federal Income Tax returns for tax years 2006 through tax year 2008. No material adjustment were made or proposed subsequent to the date of examination and arising from said audits, are reflected in the financial statements included in this report. 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 through December 31, 2015, as reported by the Company was $1,238,498, detailed as follows:

Underwriting Income		
Premiums earned		$30,654,998
Deductions:		
Losses and loss adjustment expenses incurred	$22,549,354	
Other underwriting expenses incurred	9,165,797	
Total underwriting deductions		31,715,151
Net underwriting gain or (loss)		$(1,060,153)
Investment Income		
Net investment income earned	$1,744,897	
Net realized capital gain	374,425	
Net investment gain or (loss)		2,119,322
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$(70,944)	
Finance and service charges not included in premiums	205,921	
Miscellaneous income	(18,643)	
Total other income		116,334
Net income before federal and foreign income taxes		$1,175,503
Federal and foreign income taxes incurred		(62,995)
Net income		$1,238,498

C. Capital and Surplus Accounts

Surplus as regards policyholders as reported by the Company increased $4,600,126 during the four-year examination period January 1, 2012 through December 31, 2015, detailed as follows:

Surplus as regards policyholders per report on examination as of December 31, 2011			$ 7,868,378
	Gains in Surplus	Losses in Surplus	
Net income	$1,238,498		
Net unrealized capital gains or (losses)			
Change in net deferred income tax		$247,394	
Change in non-admitted assets	3,561,536		
Change in deferred tax on non-admitted items	75,994		
Prior year adjustment - National Workers' Compensation Reinsurance Pool (NWCRP) reserves	0	28,508	
Net increase (decrease) in surplus	$4,876,028	$275,902	4,600,126
Surplus as regards policyholders per report on examination as of December 31, 2015			$12,468,504

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $9,712,856 is the same as reported by the Company as of December 31, 2015. 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").

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	It was recommended that the Company include the above referenced language from Department Circular Letter No. 5 (1988) in all reinsurance contracts which make reference to a novation. The Company has complied with this recommendation.	11
B.	It was recommended that the Company update in a timely manner all signatory cards for all of its bank accounts to reflect changes in authorizations approved by the Board. The Company has not complied with this recommendation. A similar comment is made in this report.	16

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A	<u>Accounts and records</u> It is again recommended that the Company update in a timely manner all signatory cards for all of its bank accounts to reflect changes in authorizations approved by the Board.	15

Respectfully submitted,

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Lamin Jammeh
Senior Insurance Examiner

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

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

____

Lamin Jammeh

Subscribed and sworn to before me

this__________ day of ____________________, 2017.

APPOINTMENT NO. 31397

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **Shirin Emami**, 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:*

Lamin Jammeh

as a proper person to examine the affairs of the

United Farm Family 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 7th day of January, 2016

Shirin Emami
Acting Superintendent of Financial Services

By:

Eileen Fox
Assistant Chief Examiner