REPORT ON EXAMINATION OF
FARM FAMILY CASUALTY INSURANCE COMPANY

AS OF DECEMBER 31, 2020

EXAMINER: LAMIN JAMMEH
DATE OF REPORT: MAY 10, 2022
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</table>
May 10, 2022

Honorable Adrienne A. Harris
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 32160 dated November 25, 2020, attached hereto, I have made an examination into the condition and affairs of Farm Family Casualty Insurance Company as of December 31, 2020, and submit the following report thereon.

Wherever the designation “the Company” or “FFCIC” appears herein without qualification, it should be understood to indicate Farm Family Casualty Insurance Company.

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

Due to the COVID-19 pandemic, this examination was conducted remotely.
1. **SCOPE OF EXAMINATION**

The Department has performed an examination of Farm Family Casualty Insurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2015. This examination covered the five-year period from January 1, 2016 through December 31, 2020. 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 lead state of the American National Financial Group. The examination was performed concurrently with the examinations of the following insurers:

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>DOMICILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>American National County Mutual Insurance Company (“ANCMIC”)</td>
<td>Texas</td>
</tr>
<tr>
<td>American National General Insurance Company (“ANGIC”)</td>
<td>Missouri</td>
</tr>
<tr>
<td>American National Insurance Company (“ANICO”)</td>
<td>Texas</td>
</tr>
<tr>
<td>American National Life Insurance Company of Texas (“ANTEX”)</td>
<td>Texas</td>
</tr>
<tr>
<td>American National Lloyds Insurance Company (“ANLIC”)</td>
<td>Texas</td>
</tr>
<tr>
<td>American National Property And Casualty Company (“ANPAC”)</td>
<td>Missouri</td>
</tr>
<tr>
<td>ANPAC Louisiana Insurance Company (“ANPLA”)</td>
<td>Louisiana</td>
</tr>
<tr>
<td>Garden State Life Insurance Company (“GSLIC”)</td>
<td>Texas</td>
</tr>
<tr>
<td>Pacific Property And Casualty Company (“PACIFIC”)</td>
<td>California</td>
</tr>
<tr>
<td>Standard Life and Accident Insurance Company (“SLAICO”)</td>
<td>Texas</td>
</tr>
<tr>
<td>United Farm Family Insurance Company (“UFFIC”)</td>
<td>New York</td>
</tr>
</tbody>
</table>

* Collectively, including the Company, referred to within this report as the “P&C Companies”

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, 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:
A review was also made to ascertain what action was taken by the Company with regard to the recommendation contained in the prior report on examination.

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations or rules, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company was incorporated under the laws of the State of New York on April 21, 1955, as Farm Family Mutual Insurance Company, became licensed on November 14, 1956, and commenced business on November 16, 1956.

On July 26, 1996, pursuant to a Plan of Reorganization and Conversion, Farm Family Mutual Insurance Company converted from a mutual company to a stock company, changed its name to Farm Family Casualty Insurance Company, and became a wholly-owned subsidiary of 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 and Casualty Holdings, Inc. (“ANPAC Holdings”).

On July 1, 2020, ANICO completed its previously announced holding company reorganization. As a result of the reorganization, ANICO became a wholly-owned subsidiary of American National Group,
Inc. (“ANAT”), a Delaware corporation, and ANAT replaced ANICO as the publicly-held company. All outstanding shares of the Company are now owned indirectly by ANAT.

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 15 members. The board meets four times during each calendar year. At December 31, 2020, the board of directors was comprised of the following 11 members:

<table>
<thead>
<tr>
<th>Name and Residence</th>
<th>Principal Business Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irwin Max Herz Jr.</td>
<td>Partner/Attorney, Greer, Herz &amp; Adams, LLP</td>
</tr>
<tr>
<td>Galveston, TX</td>
<td></td>
</tr>
<tr>
<td>Johnny David Johnson</td>
<td>Executive Vice President, Corporate Business Process Officer, and Chief Information Officer, American National Insurance Company</td>
</tr>
<tr>
<td>Venice, FL</td>
<td></td>
</tr>
<tr>
<td>Ashild Ingrid Moody</td>
<td>Volunteer Worker/Former Farmer</td>
</tr>
<tr>
<td>Kemah, TX</td>
<td></td>
</tr>
<tr>
<td>Edward Joseph Muhl</td>
<td>Retired Partner PricewaterhouseCoopers, LLP</td>
</tr>
<tr>
<td>Alexandria, VA</td>
<td></td>
</tr>
<tr>
<td>Matthew Richard Ostiguy</td>
<td>Executive Vice President, P&amp;C Chief Operating Officer, P&amp;C Companies Senior Vice President, P&amp;C Chief Operating Officer, American National Insurance Company</td>
</tr>
<tr>
<td>East Green bush, NY</td>
<td></td>
</tr>
<tr>
<td>Elvin Jerome Pederson</td>
<td>Managing Director, CiTareTx Management, LLC</td>
</tr>
<tr>
<td>Galveston, TX</td>
<td></td>
</tr>
<tr>
<td>James Edward Pozzi</td>
<td>President and Chief Executive Officer, American National Insurance Company</td>
</tr>
<tr>
<td>Galveston, TX</td>
<td></td>
</tr>
<tr>
<td>John Frederick Simon</td>
<td>Executive Vice President and Chief Life and Annuity Actuary, American National Insurance Company</td>
</tr>
<tr>
<td>League City, TX</td>
<td></td>
</tr>
<tr>
<td>Shannon Lee Smith</td>
<td>Executive Vice President, Chief Agencies Officer, Multiple Line, American National Insurance Company</td>
</tr>
<tr>
<td>Springfield, MO</td>
<td></td>
</tr>
</tbody>
</table>
As of December 31, 2020, the principal officers of the Company were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timothy Allen Walsh</td>
<td>President and Chief Executive Office</td>
</tr>
<tr>
<td>Friendswood, TX</td>
<td></td>
</tr>
<tr>
<td>John Mark Flippin</td>
<td>Vice President and Corporate Secretary</td>
</tr>
<tr>
<td>Michelle Annette Gage</td>
<td>Vice President, Controller and Treasurer</td>
</tr>
<tr>
<td>Galveston, TX</td>
<td></td>
</tr>
</tbody>
</table>

B. Territory and Plan of Operation

As of December 31, 2020, the Company was licensed to write business in the following 14 states:

- Connecticut
- Delaware
- Maine
- Maryland
- Massachusetts
- Missouri
- New Hampshire
- New Jersey
- New York
- Pennsylvania
- Rhode Island
- Vermont
- Virginia
- 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:

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Line of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Fire</td>
</tr>
<tr>
<td>5</td>
<td>Miscellaneous property</td>
</tr>
<tr>
<td>6</td>
<td>Water damage</td>
</tr>
<tr>
<td>7</td>
<td>Burglary and theft</td>
</tr>
<tr>
<td>8</td>
<td>Glass</td>
</tr>
<tr>
<td>9</td>
<td>Boiler and machinery</td>
</tr>
<tr>
<td>10</td>
<td>Elevator</td>
</tr>
<tr>
<td>11</td>
<td>Animal</td>
</tr>
<tr>
<td>12</td>
<td>Collision</td>
</tr>
<tr>
<td>13</td>
<td>Personal injury liability</td>
</tr>
<tr>
<td>14</td>
<td>Property damage liability</td>
</tr>
<tr>
<td>15</td>
<td>Workers' compensation and employers' liability</td>
</tr>
<tr>
<td>16</td>
<td>Fidelity and surety</td>
</tr>
<tr>
<td>19</td>
<td>Motor vehicle and aircraft physical damage</td>
</tr>
</tbody>
</table>
Paragraph | Line of Business
--- | ---
20 | Marine and inland marine
21 | Marine protection and indemnity
26 | Gap

The Company is also empowered to transact such workers’ compensation insurance as may be incident to coverage contemplated under paragraphs 20 and 21 of Section 1113(a) of the New York Insurance Law, including insurances described in the Longshoremen’s and Harbor Workers’ Compensation Act (Public Law No. 803, 69th Congress as amended; 33 USC Section 901 et. seq. as amended).

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 $3,900,000.

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

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Direct Premiums</th>
<th>Assumed Premiums</th>
<th>Total Gross Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$380,234,909</td>
<td>$ 90,985,537</td>
<td>$471,220,446</td>
</tr>
<tr>
<td>2017</td>
<td>$388,973,285</td>
<td>$102,420,959</td>
<td>$491,394,244</td>
</tr>
<tr>
<td>2018</td>
<td>$392,201,607</td>
<td>$109,039,774</td>
<td>$501,241,381</td>
</tr>
<tr>
<td>2019</td>
<td>$389,812,225</td>
<td>$119,642,476</td>
<td>$509,454,700*</td>
</tr>
<tr>
<td>2020</td>
<td>$387,937,201</td>
<td>$127,032,769</td>
<td>$514,969,970</td>
</tr>
</tbody>
</table>

*Rounding difference of $1

The Company’s primary products are its proprietary farm package policy, private passenger and commercial auto liability products, general liability products, business owners products, workers’ compensation, homeowners. The Company’s target clients are farmers and other rural and suburban residents and small business owners, such as horse breeders and training facilities, wineries, and greenhouses. During the examination period, in the states of New Jersey, Massachusetts, New Hampshire, Maine and Rhode Island, the Company was endorsed by the state Farm Bureau organization. The business is written through career agents.

Assumed reinsurance accounted for approximately 24.7% of the Company’s gross premium written as of December 31, 2020. Approximately 93.2% of the Company’s assumed premium is attributable to the pooling agreement, described below. The remainder of the Company’s assumed premiums are from certain mandated pools and associations.
Effective January 1, 2004, the Company entered into a pooling agreement with UFFIC. Under the terms of the agreement, the Company assumes a 100% quota share of UFFIC’s assumed and direct business, net of any external reinsurance. The Company then retrocedes a 2% quota share of its net direct and assumed business to UFFIC. 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 by the Department in letters dated June 29, 2004, and March 5, 2010, pursuant to the requirements of Section 1505(d)(2) of the New York Insurance Law.

C. Reinsurance Ceded

The Company is a party to a Multiple-Cedent Reinsurance Allocation Agreement (“MC Agreement”). The MC Agreement is entered into among the following parties: the Company, UFFIC (the Company and UFFIC are collectively referred to herein as the "Farm Family Group"), ANPAC, ANGIC, ANLIC, Pacific, and ANPLA (ANPAC, ANGIC, ANLIC, Pacific, and ANPLA are collectively referred to herein as the "ANPAC Group"). The parties contemplate entering into reinsurance agreements as multiple cedants in order to achieve operating economies. The MC Agreement establishes a formal arrangement for the apportionment of recoverables and premiums under such reinsurance contracts and is applicable to ceded reinsurance contracts having an initial term beginning on or after January 1, 2015.

The Farm Family Group purchases reinsurance together with the ANPAC Group and shares the same limits and retentions. The ceded reinsurance program is structured as follows:

<table>
<thead>
<tr>
<th>Type of Treaty</th>
<th>Cession</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Layers</td>
<td></td>
</tr>
</tbody>
</table>
| Multiple Line Excess of Loss Coverage A | Property Business: $4.5 million excess $1.5 million any one risk, each loss; limit $9 million per occurrence.  
Terrorism: $4.5 million excess $1.5 million any one risk each loss; limit $9 million in all during the term of the contract and any runoff period. |
| Coverage B              | Casualty Business: $4.5 million excess $1.5 million per occurrence ($5.5 million as respects any one occurrence involving at least one $2 million per occurrence policy issued by the Company in accordance with this contract). |
**Coverage C**

Pollution Liability: $4.5 million excess $1.5 million any one policy, each pollution incident; limit $4.5 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.

**Coverage D**

Combination: $3 million excess $1.5 million any one occurrence involving a combination of two or more classes of business subject to Coverages A, B and/or C and subject ultimate net loss shall not exceed $1.5 million as respect to each of Coverage A, B, and/or C any one occurrence.

Toxic Mold: As respect to Coverages A, B, C and D toxic mold the liability of the reinsurer shall not exceed $4.5 million 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 shall be increased by $1 million.

**Catastrophe**

**Aggregate Property Catastrophe Excess**

$30 million in excess of $104 million aggregate subject ultimate net loss arising out of loss occurrence commencing during the term of the contract.
### Corporate Catastrophe (4 layers)

<table>
<thead>
<tr>
<th>Layer</th>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Layer 1</td>
<td>80% of $10 million excess $25 million ultimate net loss per occurrence; limit $20 million during the term of the contract or during any runoff period.</td>
</tr>
<tr>
<td>Layer 2</td>
<td>37.5% of $65 million excess $35 million ultimate net loss per occurrence; limit $130 million during the term of the contract or during any runoff period.</td>
</tr>
<tr>
<td>Layer 3</td>
<td>37.5% of $100 million excess of $100 million ultimate net loss per occurrence; limit $200 million during the term of the contract or during any runoff period.</td>
</tr>
<tr>
<td>Layer 4</td>
<td>37.5% of $300 million excess of $200 million ultimate net loss per occurrence; limit $600 million during the term of the contract or during any runoff period.</td>
</tr>
</tbody>
</table>

#### Property Catastrophe Excess Stretch

<table>
<thead>
<tr>
<th>Reinstatable</th>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.9219% of $465 million excess of $35 million ultimate net loss per occurrence; limit $860 million during the term of the contract or during any runoff period.</td>
<td></td>
</tr>
</tbody>
</table>

#### Property Catastrophe Excess Stretch

<table>
<thead>
<tr>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% of $482.5 million excess of $17.5 million ultimate net loss per occurrence; limit $930 million during the term of the contract or during any runoff period.</td>
</tr>
</tbody>
</table>

#### Property Catastrophe Excess Stretch Single Shot

<table>
<thead>
<tr>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.5781% of $465 million excess of $35 million ultimate net loss per occurrence.</td>
</tr>
</tbody>
</table>

### Workers’ Compensation (3 layers)

<table>
<thead>
<tr>
<th>Coverage Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>$24 million excess of $1 million ultimate net loss per occurrence.</td>
</tr>
</tbody>
</table>

A majority of the ceded business was to authorized reinsurers. It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized reinsurers. There were no significant reinsurance recoverables from unauthorized 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.

The examination review of 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 the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles (“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 member of the American National Financial Group (the “ANAT Group”). At December 31, 2020, the Company was a wholly-owned subsidiary of American National Holdings, Inc. (“ANH”), an insurance holding company incorporated in Nevada. ANH was wholly-owned by ANICO, a Texas domiciled life insurance company, which is wholly owned by ANAT, a public company at all times during the examination period. At December 31, 2020, The Moody Foundation and The Libby S. Moody Trust owned 22.7% and 37.0%, respectively, of ANAT and both are considered the ultimate controlling persons of the Company.

ANAT, together with its subsidiaries, provides life insurance, annuities, property and casualty insurance, health insurance, credit insurance, and pension products in the United States, the District of Columbia, and Puerto Rico. ANICO was incorporated in 1905 and is headquartered in Galveston, Texas. Through its Farm Family Group, the ANAT Group acts as a multiple line provider of commercial and personal lines property and casualty coverages throughout the Northeast to agribusinesses and other related commercial and residential establishments in rural and suburban communities.

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, 2020:

1 The Libbie S. Moody Trust and The Moody Foundation own 37.0% and 22.7%, respectively, at December 31, 2020.
Holding Company Agreements

At December 31, 2020, the Company was party to the following agreements with other members of its holding company system:

Service Agreement with United Farm Family Insurance Company

Effective July 25, 1988, Farm Family Mutual Insurance Company (predecessor in interest to the Company) entered into a service agreement with UFFIC. Pursuant to the terms of the agreement, the Company will perform certain administrative and special services for UFFIC and allows UFFIC to make use of the Company’s facilities. UFFIC shall reimburse the Company for all directly allocable expenses, reasonably and equitably determined to be attributable to UFFIC, plus a reasonable overhead charge determined periodically by the parties.

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 requirement of Section 1505 of the New York Insurance Law. The agreement was subsequently filed with the 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 UFFIC 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 UFFIC and consistent with the investment plan approved by Company and UFFIC’s board of directors.

Amended and Restated Service Agreement with ANICO

The Company originally entered into this administrative services agreement with ANICO effective April 10, 2001. Pursuant to the terms of the amended and restated agreement dated June 24, 2009, FFCIC and ANICO shall perform for each other and their respective affiliates as each company may request, certain services necessary to conduct their respective insurance operations.

Amended and Restated Service Agreement with ANPAC

The Company first entered into an administrative services agreement with ANPAC on April 10, 2001. That agreement was amended and restated effective July 1, 2005. Pursuant to the terms of the
amended and restated agreement, FFCIC and ANPAC shall perform (either directly or through subcontracts with third parties) for each other as each company may request, certain services necessary in the conduct of their insurance operations.

Amended and Restated Investment Advisory Agreement

The Company and UFFIC entered into an investment advisory agreement with ANICO dated August 1, 2001. That agreement was amended and restated effective March 11, 2010. Pursuant to the terms of the 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.

Tax Allocation Agreement

As amended for taxable years beginning January 1, 2020, the Company participates in a tax payment allocation agreement, dated January 1, 2008, with its ultimate parent ANAT and select members of its holding company system. 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 agreement and amendment were filed with the Department pursuant to Circular Letter No. 33 (1979).

Lease Agreement

The Company is a party to a lease agreement with ANICONY. The agreement was initially made effective January 1, 1999 through December 31, 2000 with an exercised option to renew for two additional years upon expiration of the initial lease term. This agreement has since been amended several times with the most recent amendment extending the end date of the lease to December 31, 2023. The lease stipulates that the Company rents office and storage space in the Glenmont, New York location of the home office building of ANICONY.

Amended and Restated Expense Sharing Agreement

The Company is a party to an amended and restated expense sharing agreement with affiliates ANH and ANICONY, effective October 30, 2001. The agreement provides for the sharing of certain expenses among the parties and defines the methods to be used for allocating such expenses.
Cash Management Agreements

The Company entered into a cash management agreement effective January 1, 2016, and subsequently amended on July 1, 2016, with ANPAC, ANGIC, ANLIC, ANPLA, ANMIC, and UFFIC. Pursuant to the terms of the agreement, the parties agree to participate in a centralized cash management system. The Company and ANPAC are designated as managers and perform certain cash management services for the participants, which include receipt and accounting for premiums receipts and further transfer of such receipts to the participant bank accounts. Expenses for services provided are charged based on costs incurred.

Effective January 1, 2016, and subsequently amended on July 1, 2016, the Company, ANPAC, and Pacific are parties to a cash management agreement whereby the parties agree to participate in a centralized cash management system. Pursuant to the terms of the agreement, the Company and ANPAC are designated as managers and perform certain cash management services for the participants, which include receipt and accounting for premiums receipts and further transfer of such receipts to the participant bank accounts. Expenses for services provided are charged based on costs incurred.

Finally, the Company maintains a $35 million revolving line of credit note, dated June 30, 2020, with ANICO. At December 31, 2020, the Company had no outstanding borrowings on this line of credit.

All agreements subject to Section 1501(d) of the New York Insurance Law were filed with the Department.

E. Significant Ratios

The Company’s operating ratios, computed as of December 31, 2020, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

<table>
<thead>
<tr>
<th>Operating Ratios</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net premiums written to policyholders’ surplus</td>
<td>73%</td>
</tr>
<tr>
<td>Adjusted liabilities to liquid assets</td>
<td>56%</td>
</tr>
<tr>
<td>Two-year overall operating</td>
<td>84%</td>
</tr>
</tbody>
</table>
Underwriting Ratios

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses and loss adjustment expenses incurred</td>
<td>$1,397,479,327</td>
<td>62.42%</td>
</tr>
<tr>
<td>Other underwriting expenses incurred</td>
<td>702,742,520</td>
<td>31.39%</td>
</tr>
<tr>
<td>Net underwriting gain</td>
<td>138,475,603</td>
<td>6.19%</td>
</tr>
<tr>
<td>Premiums earned</td>
<td>$2,238,697,450</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

The Company’s reported risk-based capital ("RBC") score was 1,167.5% at December 31, 2020. The RBC score 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 score of 200% or below can result in regulatory action.

There were no financial adjustments in this report that impacted the Company’s RBC score.
3. **FINANCIAL STATEMENTS**

A. **Balance Sheet**

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2020, as reported by the Company:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Assets Not Admitted</th>
<th>Net Admitted Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$1,162,533,800</td>
<td>$0</td>
</tr>
<tr>
<td>Common stocks</td>
<td>141,942,550</td>
<td>0</td>
</tr>
<tr>
<td>Cash, cash equivalents and short-term investments</td>
<td>66,579,535</td>
<td>0</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>85,049</td>
<td>0</td>
</tr>
<tr>
<td>Receivables for securities</td>
<td>48,476</td>
<td>0</td>
</tr>
<tr>
<td>Investment income due and accrued</td>
<td>10,827,246</td>
<td>0</td>
</tr>
<tr>
<td>Uncollected premiums and agents' balances in the course of collection</td>
<td>17,661,906</td>
<td>75,017</td>
</tr>
<tr>
<td>Deferred premiums, agents' balances and installments booked but deferred and not yet due</td>
<td>84,963,966</td>
<td>5,852</td>
</tr>
<tr>
<td>Amounts recoverable from reinsurers</td>
<td>1,530,598</td>
<td>0</td>
</tr>
<tr>
<td>Current federal and foreign income tax recoverable and interest thereon</td>
<td>1,373,584</td>
<td>0</td>
</tr>
<tr>
<td>Guaranty funds receivable or on deposit</td>
<td>74,174</td>
<td>0</td>
</tr>
<tr>
<td>Furniture and equipment, including health care delivery assets</td>
<td>27,093</td>
<td>27,093</td>
</tr>
<tr>
<td>Receivables from parent, subsidiaries and Affiliates</td>
<td>6,121,334</td>
<td>0</td>
</tr>
<tr>
<td>Prepaid state premium taxes</td>
<td>4,616,032</td>
<td>0</td>
</tr>
<tr>
<td>Equities and deposits in pools and Associations</td>
<td>2,169,817</td>
<td>0</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,316,473</td>
<td>816,885</td>
</tr>
<tr>
<td>Guaranty association receivable</td>
<td>202,725</td>
<td>0</td>
</tr>
<tr>
<td>Account receivable</td>
<td>73</td>
<td>0</td>
</tr>
<tr>
<td>Prepaid pension cost</td>
<td>4,856,618</td>
<td>4,856,618</td>
</tr>
<tr>
<td>Employee and agents balances</td>
<td>(7,465)</td>
<td>(7,465)</td>
</tr>
<tr>
<td>Agents finance plan receivable</td>
<td>25,363</td>
<td>25,363</td>
</tr>
<tr>
<td>Overfunded postretirement plan asset</td>
<td>80,067</td>
<td>80,067</td>
</tr>
<tr>
<td>Overfunded pension plan asset</td>
<td>(3,826,114)</td>
<td>(3,826,114)</td>
</tr>
</tbody>
</table>

Total assets | $1,503,202,899 | 2,053,315 | $1,501,149,584 |
Liabilities, Surplus and Other Funds

Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses and Loss Adjustment Expenses</td>
<td>$581,736,500</td>
</tr>
<tr>
<td>Reinsurance payable on paid losses and loss adjustment expenses</td>
<td>11,189,362</td>
</tr>
<tr>
<td>Commissions payable, contingent commissions and other similar charges</td>
<td>6,597,489</td>
</tr>
<tr>
<td>Other expenses (excluding taxes, licenses and fees)</td>
<td>6,512,586</td>
</tr>
<tr>
<td>Taxes, licenses and fees (excluding federal and foreign income taxes)</td>
<td>2,161,554</td>
</tr>
<tr>
<td>Net deferred tax liability</td>
<td>1,974,467</td>
</tr>
<tr>
<td>Unearned premiums</td>
<td>225,680,464</td>
</tr>
<tr>
<td>Advance premium</td>
<td>2,588,052</td>
</tr>
<tr>
<td>Ceded reinsurance premiums payable (net of ceding commissions)</td>
<td>1,790,726</td>
</tr>
<tr>
<td>Funds held by company under reinsurance treaties</td>
<td>17,459</td>
</tr>
<tr>
<td>Amounts withheld or retained by company for account of others</td>
<td>777,796</td>
</tr>
<tr>
<td>Remittances and items not allocated</td>
<td>144,916</td>
</tr>
<tr>
<td>Provision for reinsurance</td>
<td>65,000</td>
</tr>
<tr>
<td>Payable to parent, subsidiaries and affiliates</td>
<td>10,350,115</td>
</tr>
<tr>
<td>Uncashed check reserve</td>
<td>1,453,108</td>
</tr>
<tr>
<td>Underfunded postretirement plan</td>
<td>1,135,565</td>
</tr>
</tbody>
</table>

Total liabilities                                                           $ 854,175,159

Surplus and Other Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common capital stock</td>
<td>$ 3,606,205</td>
</tr>
<tr>
<td>Gross paid in and contributed surplus</td>
<td>71,776,893</td>
</tr>
<tr>
<td>Unassigned funds (surplus)</td>
<td>571,591,327</td>
</tr>
</tbody>
</table>

Surplus as regards policyholders                                             646,974,425

Total liabilities, surplus and other funds                                  $1,501,149,584

Note: The Internal Revenue Service has completed its audit of the Company’s consolidated federal income tax return through tax year 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 $274,006,734 as detailed below:

Underwriting Income

Premiums earned $2,238,697,450

Deductions:
- Losses and loss adjustment expenses incurred $1,397,479,327
- Other underwriting expenses incurred 702,742,520

Total underwriting deductions 2,100,221,847

Net underwriting gain $138,475,603

Investment Income

Net investment income earned $191,130,587
Net realized capital gain 16,424,671

Net investment gain 207,555,258

Other Income

Net loss from agents' or premium balances charged off $(4,193,282)
Finance and service charges not included in premiums 9,589,185
Aggregate write-ins for miscellaneous income 1,022,063

Total other income 6,417,966

Net income before dividends to policyholders and before federal and foreign income taxes $352,448,827
Federal and foreign income taxes incurred 78,442,093
Net income $274,006,734

C. Capital and Surplus

As of December 31, 2020 capital paid in was $3,606,205 consisting of 2,253,878 shares of $1.60 par value per share common stock. Gross paid in and contributed surplus is $71,776,893. Gross paid in and contributed surplus and capital paid in did not change during the examination period.
Surplus as regards policyholders increased $270,502,214 during the five-year examination period January 1, 2016 through December 31, 2020, as reported by the Company, detailed as follows:

<table>
<thead>
<tr>
<th>Gains in Surplus</th>
<th>Losses in Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$274,006,734</td>
</tr>
<tr>
<td>Net unrealized capital gains or (losses)</td>
<td>42,543,630</td>
</tr>
<tr>
<td>Change in net deferred income tax</td>
<td>$1,745,364</td>
</tr>
<tr>
<td>Change in nonadmitted assets</td>
<td>1,054,001</td>
</tr>
<tr>
<td>Change in provision for reinsurance</td>
<td>212,000</td>
</tr>
<tr>
<td>Dividends to stockholders</td>
<td>48,150,000</td>
</tr>
<tr>
<td>Change in deferred tax on non-admitted items</td>
<td>(247,460)</td>
</tr>
<tr>
<td>Change in pension and postretirement plans net of deferred tax</td>
<td>2,828,673</td>
</tr>
<tr>
<td>Total gains and losses</td>
<td>$320,397,578</td>
</tr>
<tr>
<td>Net increase (decrease) in surplus</td>
<td>$49,895,364</td>
</tr>
<tr>
<td><strong>Total gains and losses</strong></td>
<td><strong>$320,397,578</strong></td>
</tr>
<tr>
<td><strong>Net increase (decrease) in surplus</strong></td>
<td><strong>$270,502,214</strong></td>
</tr>
</tbody>
</table>

Surplus as regards policyholders as reported by the Company as of December 31, 2020 $646,974,425

No adjustments were made to surplus as a result of this examination.
4. **LOSSES AND LOSS ADJUSTMENT EXPENSES**

The examination liability for the captioned items of $581,736,500 is the same as reported by the Company as of December 31, 2020. The examination analysis of the loss and loss adjustment expense reserves was conducted in accordance with actuarial standards of practice and statutory accounting principles, including SSAP No. 55. The reserves are mainly concentrated in the workers’ compensation and commercial automobile lines of business.

5. **SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared an outbreak of a novel coronavirus (“COVID-19”) pandemic. The COVID-19 pandemic has continued to develop, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination’s review noted that there has not been a significant impact to the Company. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

On May 19, 2022, the Department approved the acquisition of ANAT by Brookfield Asset Management Reinsurance Partners, Ltd., a Bermuda exempted limited company, for $5.1 billion. The acquisition closed on May 25, 2022.
6. **COMPLIANCE WITH PRIOR REPORT ON EXAMINATION**

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

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PAGE NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Accounts and Records</td>
<td>15</td>
</tr>
</tbody>
</table>

It was 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.

The Company has complied with this recommendation.

7. **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

This report on examination does not contain any comments or recommendations.
Respectfully submitted,

________________________/S/________________________

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.

________________________/S/________________________

Lamin Jammeh

Subscribed and sworn to before me

this__________ day of_______________________, 2022.
NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, Linda A. Lacewell, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

Lamin Jammeh

as a proper person to examine the affairs of the

Farm Family Casualty Insurance Company

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

with such other information as he shall deem requisite.

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

this 25th day of November, 2020

LINDA A. LACEWELL
Superintendent of Financial Services

By: Joan Riddell
Deputy Bureau Chief