



**REPORT ON EXAMINATION
OF
MEREDITH INSURANCE COMPANY**

AS OF DECEMBER 31, 2023

**EXAMINER:
DATE OF REPORT:**

**OSCAR CASTRO
FEBRUARY 27, 2025**

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1.	Scope of examination	2
2.	Description of Company	2
	A. Corporate governance	3
	B. Territory and plan of operation	4
	C. Reinsurance ceded	5
	D. Holding company system	6
	E. Significant ratios	6
3.	Financial statements	7
	A. Balance sheet	7
	B. Statement of income	8
	C. Capital and surplus	9
4.	Losses and loss adjustment expenses	9
5.	Summary of comments and recommendations	9

KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

February 27, 2025

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 32719 dated October 29, 2024, attached hereto, I have made an examination into the condition and affairs of Meredith Insurance Company as of December 31, 2023, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Meredith Insurance Company.

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

1. SCOPE OF EXAMINATION

The Department has performed an examination of Meredith Insurance Company, a single-state insurer. The previous examination was conducted as of December 31, 2018. This examination covered the five-year period from January 1, 2019, through December 31, 2023. 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, which requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with New York laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

- Company history
- Management and control
- Territory and plan of operation
- Reinsurance
- Financial statement presentation
- Loss review and analysis
- Summary of recommendations

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

Meredith Insurance Company was organized on February 20, 1862, for the purpose of transacting business as an assessment co-operative fire insurance in the Town of Meredith, Delaware County, New York.

Effective January 12, 1993, the Company's charter and license were amended to extend the territories in which the Company writes to include all the counties of New York State, excluding the counties of New York, Kings, Queens, Bronx, and Richmond.

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 nine nor more than thirteen members. The board meets six times during each calendar year with the exception of 2023 when the Board met only five times. At December 31, 2023, the board of directors was comprised of the following ten members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Bryan Boyer Delhi, New York	President, Meredith Insurance Company Vice President, Delaware National Bank of Delhi
John Bramley Delhi, New York	Vice President, Meredith Insurance Company
Brenda Gladstone East Meredith, New York	Secretary, Walton Co-operative Insurance Company
Linda Hall Delhi, New York	Retired
Carolyn June Delhi, New York	Retired
Michael MacClintock East Meredith, New York	Vice President, Meredith Insurance Company
Herman Menke Treadwell, New York	Retired
Terry Mostert East Meredith, New York	Secretary and Treasurer, Meredith Insurance Company
Bette B. Shaw Delhi, New York	Retired
Joan Tubridy Delhi, New York	Retired

As of December 31, 2023, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Bryan Boyer	President
Terry Mostert	Secretary and Treasurer
John Bramley	Vice President
Michael MacClintock	Vice President

B. Territory and Plan of Operation

As of December 31, 2023, the Company was licensed as an assessment cooperative insurance company to transact business within all the counties of New York, except the counties of New York, Kings, Queens, Bronx, and Richmond.

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:

<u>Paragraph</u>	<u>Line of Business</u>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass

Paragraph 5, 6, 7 and 8 can be written solely in conjunction with fire insurance written under the same policy and covering the same premises and insurance against loss or damage to property caused by aircraft or vehicle. In accordance with Section 6606 of the New York Insurance Law, the Company may also accept and cede reinsurance of the kind or the kinds of insurance it is licensed to do directly.

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 66 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$100,000.

The Company did not assume business during the exam period. The following schedule shows the direct written premiums by the Company for the period under examination:

<u>Calendar Year</u>	<u>Total Gross Premiums</u>
2019	\$ 27,364
2020	\$ 21,587
2021	\$ 26,556
2022	\$ 19,362
2023	\$ 24,075

The Company writes predominantly in Delaware County, New York through its director-agents. Policies are issued for a term of three years covering farms, residential, and commercial risks, including contents, livestock, produce and machinery. Policies are issued against specified perils that include fire and windstorm. Applications for insurance are received by directors of the Company and all risks are inspected or reviewed at least every three years on or prior to the renewal dates of the policies.

C. Reinsurance Ceded

The Company places reinsurance with a reinsurer that hold an A.M Best financial strength rating of A (Excellent). The Company has structured its ceded reinsurance program as follows:

<u>Type of Coverage</u>	<u>Cession</u>
<u>Property Per Risk</u> Excess of Loss	\$70,000 excess of \$20,000 ultimate net loss, each loss, each risk, subject to a limit of liability to the reinsurer of \$210,000 each loss occurrence.
<u>Windstorm Catastrophe</u> Excess of Loss	100% of the ultimate net loss over and above an ultimate net loss equal to 10% of the Company's policyholders' surplus. However, no claim shall be made hereunder unless the loss occurrence involves three or more risks.

The Company's ceded business was to an authorized reinsurer. The ceded reinsurance agreement in effect as of the examination date was reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that

the ceded reinsurance agreement transfers both underwriting and timing risk as set forth in the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principle (“SSAP”) No. 62R. Representations were supported by attestation from the Company’s Secretary and Treasurer pursuant to the NAIC annual statement instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. The ceded reinsurance agreement was accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R.

D. Holding Company System

The Company is not a member of any holding company system. As of December 31, 2023, the Company was independent with no affiliations.

E. Significant Ratios

The Company’s operating ratios, computed as of December 31, 2023, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

<u>Operating Ratios</u>	<u>Result</u>
Net premiums written to policyholders’ surplus	2%
Adjusted liabilities to liquid assets	2%
Two-year overall operating	85%

Underwriting Ratios

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

	<u>Amounts</u>	<u>Ratio</u>
Losses and loss adjustment expenses incurred	\$ 4,285	5.38%
Other underwriting expenses incurred	181,380	227.60%
Net underwriting gain (loss)	<u>(105,971)</u>	<u>(132.97%)</u>
Premiums earned	\$ <u>79,694</u>	<u>100.00%</u>

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2023, as reported by the Company:

<u>Assets</u>	<u>Assets</u>	Assets Not <u>Admitted</u>	Net Admitted <u>Assets</u>
Bonds	\$ 675,027	\$ 0	\$ 675,027
Common stocks	178,775	0	178,775
Cash, cash equivalents and short-term investments	<u>23,716</u>	<u>0</u>	<u>23,716</u>
Total assets	\$ <u>877,518</u>	\$ <u>0</u>	\$ <u>877,518</u>
 <u>Liabilities, surplus and other funds</u>			
<u>Liabilities</u>			
Losses and loss adjustment expenses			\$ 475
Unearned premiums			<u>18,122</u>
Total liabilities			\$ 18,597
 <u>Surplus and other funds</u>			
Restricted policyholders' surplus		\$ 100,000	
Unassigned funds (surplus)		<u>758,921</u>	
Surplus as regards policyholders			<u>858,921</u>
Total liabilities, surplus and other funds			\$ <u>877,518</u>

Note: The Company is exempt from federal income tax with the Internal Revenue Service.

B. Statement of Income

The net loss for the examination period as reported by the Company was \$ 7,267, as detailed below:

Underwriting Income

Premiums earned		\$ 79,694
Deductions:		
Losses and loss adjustment expenses incurred	\$ 4,285	
Other underwriting expenses incurred	<u>181,380</u>	
Total underwriting deductions		<u>185,665</u>
Net underwriting gain or (loss)		\$(105,971)

Investment Income

Net investment income earned	\$ <u>97,439</u>	
Net investment gain or (loss)		\$ 97,439

Other Income

Finance and service charges not included in premiums	\$ 480	
New York State fire insurance fee	<u>785</u>	
Total other income		\$ <u>1,265</u>
Net income or (loss)		\$ <u>(7,267)</u>

C. Capital and Surplus

Surplus as regards policyholders decreased \$47,236 during the five-year examination period January 1, 2019 through December 31, 2023, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2018			\$ 906,157
	<u>Gains in</u>	<u>Losses in</u>	
	<u>Surplus</u>	<u>Surplus</u>	
Net income	\$ 0	\$ 7,267	
Net unrealized capital gains or (losses)	0	39,968	
Adjustment for rounding	<u>0</u>	<u>1</u>	
Total gains and losses	\$ 0	\$47,236	
Net increase (decrease) in surplus			<u>(47,236)</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2023			<u>\$ 858,921</u>

No adjustments were made to surplus as a result of the examination.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$ 475 is the same as reported by the Company as of December 31, 2023.

5. SUMMARY OF COMMENTS AND RECOMMENDATIONS

This report on examination contains no comments or recommendations.

Respectfully submitted,

_____/S/_____
Oscar Castro, PIR
Financial Services Examiner 2

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

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

_____/S/_____
Oscar Castro

Subscribed and sworn to before me

this _____ day of _____, 2025.

APPOINTMENT NO. 32719

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, Adrienne A. Harris, 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:

Oscar Castro

as a proper person to examine the affairs of the

Meredith 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 29th day of October, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Eileen Fox

Eileen Fox
Assistant Deputy Superintendent

