REPORT ON EXAMINATION
OF
ASSOCIATED MUTUAL INSURANCE COOPERATIVE

AS OF DECEMBER 31, 2021

EXAMINER: **SHEIK H. MOHAMED**
DATE OF REPORT: **MARCH 31, 2023**

TABLE OF CONTENTS

ITEM		PAGE NO.
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	7
	E. Significant ratios	7
	F. Accounts and records	8
3.	Financial statements	9
	A. Balance sheet	9
	B. Statement of income	11
	C. Capital and surplus	12
4.	Losses and loss adjustment expenses	12
5.	Compliance with prior report on examination	13
6.	Summary of comments and recommendations	13

December 30, 2024

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 32440 dated August 2, 2022, attached hereto, I have made an examination into the condition and affairs of Associated Mutual Insurance Cooperative as of December 31, 2021, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Associated Mutual Insurance Cooperative.

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 39 Broadway, Woodridge, NY 12789.

1. SCOPE OF EXAMINATION

The Department has performed an examination of Associated Mutual Insurance Cooperative, a single-state insurer. The previous examination was conducted as of December 31, 2016. This examination covered the five-year period from January 1, 2017, through December 31, 2021. 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
Holding company description
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

The Company was the surviving company of five closely related cooperatives. These companies were under the same management and were simultaneously consolidated and converted into one mutual fire insurance company on January 1, 1971. The first of the five cooperatives, known collectively as the Associated Cooperative Fire Insurance Companies of Sullivan and Adjoining Counties, began operations

in 1913. The other cooperatives were organized later to enlarge their capacity to meet the growing requirements of their members.

On January 1, 1997, upon meeting the requirements of Section 7306(a) of the New York Insurance Law, the Company simultaneously reconverted into an assessment cooperative corporation, and then into an advance premium cooperative property/casualty insurance corporation. Also on January 1, 1997, the name of the corporation was changed to Associated Mutual Insurance Cooperative, with a new license issued to do property/casualty insurance business in the State of New York.

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 fifteen members. The board meets ten times during each calendar year. At December 31, 2021, the board of directors was comprised of the following seven members:

Name and Residence	Principal Business Affiliation
Daniel Berkowicz Loch Sheldrake, New York	Retired, Cooperative Federal Credit Union
Irwin Robert Gitlin, CPA Liberty, New York	Gitlin & Associates, Cooperative Federal Credit Union
Robert Leonard Kaplan Woodridge, New York	Retired, Cooperative Federal Credit Union
William Kevin Kerrigan Katonah, New York	Attorney, Marin/Goodman, LLP
Zane Alan Morganstein III Monticello, New York	Retired, Cooperative Federal Credit Union
Marvin Stanley Rappaport Forestburgh, New York	Retired, Crawford Public Library
Herman Rosh Middletown, New York	Insurance Agent

As of December 31, 2021, the principal officers of the Company were as follows:

Name	Title
Guy Ronald Jollie	Acting Chief Operating Officer
Herman Rosh	Secretary
Robert Leonard Kaplan	Chairman
Zane Alan Morganstein	Vice Chairman

B. Territory and Plan of Operation

As of December 31, 2021, the Company was licensed to write business solely in New York.

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
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine (inland only)

In accordance with Section 6606 of the New York Insurance Law, the Company may also accept and cede reinsurance of the kind or 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, 41 and 66 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of $800,000.

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

Calendar Year	Total Direct Premiums
2017	$11,044,461
2018	$10,810,191
2019	$10,958,674
2020	$11,274,098
2021	$12,088,475

At December 31, 2021, the Company wrote insurance business through independent agents. The Company's predominate lines of business are homeowners' multiple peril and commercial multiple peril, which accounted for 61.6% and 34.3%, respectively, of the Company's 2021 direct written premium.

The Company writes business owners' ("BO"), commercial multi-peril ("CMP") and homeowners' ("HO") insurance in New York State. The Company focuses on BO and CMP coverages for small businesses, particularly those in the food service industry. Commercial lines business comprises approximately 34% of the Company's business. Since 2014, the Company has significantly grown its HO premiums to bring diversification to its overall book of business. During this period, HO premiums have grown from 40% of the Company's book of business to approximately 62%. The Company's HO product encompasses 1 and 2 family, owner-occupied dwellings. Most of the Company's commercial and personal lines writings are located in the downstate New York region, including New York City, Long Island, and Westchester County.

C. Reinsurance Ceded

The Company places reinsurance with reinsurers that hold an A.M. Best financial strength rating of A- or higher. There are no significant counter-party risks related to the reinsurance recoverables of the Company. The Company considers its risk appetite and tolerance when determining the reinsurance program.

Ceded Reinsurance Program

The Company has structured its ceded reinsurance program as follows:

Treaty	Cession
Property	$1,800,000 excess of $200,000 each loss, each risk, limit $3,600,000 each loss occurrence.

Casualty	$800,000 excess of $200,000 each loss occurrence. As respects fire damage legal liability: $500,000 excess of $1,000,000 each loss occurrence.
Casualty and property combined	In the event of a loss occurrence involving at least one casualty policy and at least one property policy, $200,000 excess of $200,000 each loss occurrence.
Casualty clash	$1,000,000 excess of $1,000,000 each loss occurrence.
Aggregate excess of loss	100% of the ultimate net loss over and above an initial ultimate net loss equal to 60% of gross net earned premium income.
Property facultative pro rata	$1,000,000 on any one risk after a minimum net retention of $1,000,000.
Casualty facultative excess of loss	$1,000,000 excess of $1,000,000 each loss occurrence, each policy.
Equipment breakdown quota share	100% quota share on all policies classified as equipment breakdown.

All of business was ceded to authorized reinsurers.

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

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in 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 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

As of December 31, 2021, the Company was not a member of any holding company system.

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2021, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

Operating Ratios	Result
Net premiums written to policyholders' surplus	90%
Adjusted liabilities to liquid assets	66%
Two-year overall operating	99%

Underwriting Ratios

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

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$27,941,716	66.09%
Other underwriting expenses incurred	17,383,254	41.11%
Net underwriting gain (loss)	(3,045,178)	(7.20)%
Premiums earned	$42,279,792	100.00%

The Company's reported risk-based capital ("RBC") score was 482.5% at December 31, 2021**.** The RBC is a measure of the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. An RBC of 200% or below can result in regulatory action.

There were no financial adjustments in this report that impacted the Company's RBC score.

F. Accounts and Records

Completion of Schedule D

The Company misclassified all of its NAIC designations on its 2021 Schedule D Part 2 Section 1. The Company also misclassified a large amount of its NAIC designations on its 2021 Schedule D Part 1. Also, the reported NAIC administrative symbol does not match year-end information found on the NAIC Automated Valuation Service+ and Filing Exemption ("FE") data was not submitted.

The misclassification of the preferred stocks and bonds had no effect on their admitted value; however, it is recommended that the Company properly classify its preferred stocks and bonds on Schedule D of its annual statement pursuant to the NAIC Annual Statement Instructions and the Purposes and Procedures Manual of the NAIC Investment Analysis Office.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2021, as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$17,809,360	$ 0	$17,809,360
Preferred stocks (stocks)	341,360	0	341,360
Common stocks (stocks)	2,597,611	0	2,597,611
Properties occupied by the company	243,647	0	243,647
Properties held for the production of income	75,134	0	75,134
Cash, cash equivalents and short-term investments	5,454,339	0	5,454,339
Other invested assets	97,672	97,672	0
Investment income due and accrued	89,691	0	89,691
Uncollected premiums and agents' balances in the course of collection	204,149	415	203,734
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,149,536	5,220	1,144,316
Amounts recoverable from reinsurers	182,549	0	182,549
Net deferred tax asset	410,360	0	410,360
Electronic data processing equipment and software	16,402	0	16,402
Furniture and equipment, including health care delivery assets	11,929	11,929	0
Equities and deposits in polls & associations	17,214	13,996	3,218
Credit card and ACH receipts receivable	47,869	0	47,869
Total assets	$28,748,822	$129,232	$28,619,590

Liabilities, Surplus and Other Funds

Liabilities

Losses and loss adjustment expenses		$10,917,041
Commissions payable, contingent commissions and other similar charges		281,908
Other expenses (excluding taxes, licenses and fees)		175,557
Unearned premiums		6,283,630
Advance premium		190,602
Ceded reinsurance premiums payable (net of ceding commissions)		484,872
Amounts withheld or retained by company for account of others		196,390
Total liabilities		$18,530,000
Surplus and Other Funds		
Minimum and special contingent surplus	$ 800,000	
Unassigned funds (surplus)	9,289,590	
Surplus as regards policyholders		10,089,590
Total liabilities, surplus and other funds		$28,619,590

Note: The Internal Revenue Service did not audit the Company's Federal Income Tax returns covering tax years 2017 through tax year 2021. The examiner is unaware of any potential exposure of the Company to any tax assessment and no liability has been established herein relative to such contingency.

B. Statement of Income

The net income for the examination period as reported by the Company was $1,049,978, as detailed below:

Underwriting Income		
Premiums earned		$42,279,792
Deductions:		
Losses and loss adjustment expenses incurred	$27,941,716	
Other underwriting expenses incurred	17,383,254	
Total underwriting deductions		45,324,970
Net underwriting gain or (loss)		$(3,045,178)
Investment Income		
Net investment income earned	$ 1,960,753	
Net realized capital gain	990,047	
Net investment gain or (loss)		2,950,800
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ 61,375	
Finance and service charges not included in premiums	514,901	
Fee income	341,040	
Miscellaneous	10,803	
Payroll protection program loan forgiveness	216,237	
Total other income		1,144,356
Net income before federal and foreign income taxes		$ 1,049,978
Federal and foreign income taxes incurred		0
Net income		$ 1,049,978

C. Capital and Surplus

Surplus as regards policyholders increased $638,880 during the five-year examination period January 1, 2017 through December 31, 2021, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2016			$ 9,450,710
	Gains in Surplus	Losses in Surplus	
Net income	$1,049,978		
Net unrealized capital gains or (losses)	0	$266,111	
Change in net deferred income tax	0	38,444	
Change in nonadmitted assets	0	118,442	
Adjustment to opening fair plan non admitted	11,899	0	
Total gains and losses	$1,061,877	$422,997	
Net increase (decrease) in surplus			638,880
Surplus as regards policyholders as reported by the Company as of December 31, 2021			$10,089,590

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 $10,917,041 is the same as reported by the Company as of December 31, 2021. 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 were concentrated in the commercial multiple peril (78.5%) and homeowners'/farmowners' (19.8%) lines of business.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained no comments or recommendations.

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Accounts and Records	
	It is recommended that the Company properly classify its preferred stocks and bonds on Schedule D of its annual statement pursuant to the NAIC Annual Statement Instructions and the Purposes and Procedures Manual of the NAIC Investment Analysis Office.	8

Respectfully submitted,

_____/S/_____
Sheik H. Mohamed
Associate Insurance Examiner

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

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

_____/S/_____
Sheik H. Mohamed

Subscribed and sworn to before me

this_____ day of _____, 2025.

APPOINTMENT NO. 32440

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:*

Sheik Mohamed

as a proper person to examine the affairs of the

Associated Mutual Insurance Cooperative

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 2nd day of August, 2022

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Joan Riddell

Joan Riddell
Deputy Bureau Chief