REPORT ON EXAMINATION
OF
GENESEE PATRONS COOPERATIVE INSURANCE COMPANY

AS OF DECEMBER 31, 2023

EXAMINER: **SHEIK H. MOHAMED**
DATE OF REPORT: **MARCH 21, 2025**

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	6
	E. Significant ratios	6
3.	Financial statements	8
	A. Balance sheet	8
	B. Statement of income	10
	C. Capital and surplus	11
4.	Losses and loss adjustment expenses	11
5.	Compliance with prior report on examination	12
6.	Summary of comments and recommendations	12

March 21, 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 32608 dated March 1, 2024, attached hereto, I have made an examination into the condition and affairs of Genesee Patrons Cooperative 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 Genesee Patrons Cooperative 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 Genesee Patrons Cooperative 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
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 became licensed and commenced business on May 3, 1877. The Company was incorporated under the laws of the State of New York on July 18, 1910, as the Genesee County Patrons Fire Relief Association. On April 27, 1979, the Company changed its corporate name to Genesee Patrons Cooperative Insurance Company. In April 1995, the Company's license was amended, enabling it to

transact business in the entire State of New York, 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 seven nor more than fifteen members. The board meets three times during each calendar year. At December 31, 2023, the board of directors was comprised of the following eleven members:

Name and Residence	Principal Business Affiliation
Guy R. Clark Pavilion, New York	Owner, Cedar Street Sales & Rentals
Charles E. Cook Byron, New York	Chairman, Liberty Pumps
Joseph P. Forsyth Batavia, New York	Certified Public Accountant, Tax Manager – SBFR Partners
Gary C. Gable Hamburg, New York	Retired
William G. Hirsch, Sr. Alexander, New York	Part Owner, Hirsch Dairy Farm
Kaitlyn E. Krna Attica, New York	Company Employee, Genesee Patrons Cooperative Insurance Company
Steven P. Krna Alexander, New York	Former Employee, Genesee Patrons Cooperative Insurance Company
Joseph C. Martindale Williamsville, New York	Owner, Gary C. Gable Professional Adjusters, Inc.
Keith R. Norton Pavilion, New York	Retired
Francis M. Spiotta Batavia, New York	Chairman of the Board, Genesee Patrons Cooperative Insurance Company
Bruce R. Tehan Batavia, New York	Retired Treasurer, Genesee Patrons Cooperative Insurance Company

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

Name	Title
Patrick W. Carr	President
Francis M. Spiotta	Secretary and Chairman of the Board
Robert W. Christ	Treasurer and Vice President

B. Territory and Plan of Operation

As of December 31, 2023, the Company was licensed to write business in New York only, excluding the counties of Bronx, Kings, New York, Queens, 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:

Paragraph	Line of Business
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability (excluding workers' compensation)
19	Motor vehicle and aircraft physical damage (excluding aircraft physical damage)
20	Marine and inland marine (inland marine 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 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 following schedule shows the direct written premiums by the Company for the period under examination:

Calendar Year	Total Gross Premiums
2019	$6,792,256
2020	$7,030,410
2021	$7,346,509
2022	$7,614,028
2023	$8,532,768

The company did not assume any business during the examination period.

The Company's largest lines of business are homeowners' multiple peril, commercial multiple peril (non-liability portion), fire and farmowners' multiple peril, which accounted for approximately 42.7%, 25.6%, 10.5% and 10.1%, respectively, of the 2023 direct premium writings. The business is produced through approximately 124 independent agents.

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.

The Company has structured its ceded reinsurance program as follows:

Treaty	Cession
Property (2 Layers)	$850,000 excess $150,000 each loss, each risk; limit $2,550,000 each loss occurrence.
Casualty (2 Layers)	$900,000 excess $100,000 each loss occurrence.
Casualty and property combined	In the event of a loss occurrence involving at least one property and one casualty policy, $100,000 excess $150,000 each loss occurrence.
Casualty and umbrella combined	In the event of a loss occurrence involving at least one casualty policy and at least one umbrella policy, $50,000 excess $150,000 each loss occurrence.

Casualty clash	$1 million excess $1 million ultimate net loss per occurrence. With respect to workers' compensation insurance required by subsection (j) of Section 3420 of the New York Insurance Law, no claim shall be made unless the Company shall first sustain an ultimate net loss in excess of $2 million. The reinsurer shall then reimburse the Company for the whole of such excess.
Property catastrophe	100% of ultimate net loss over and above an initial ultimate net loss of $250,000 each loss occurrence (three or more risks involved).
Equipment breakdown quota share	100% quota share on all policies classified as equipment breakdown.

The Company also has in place property facultative pro rata and casualty facultative excess of loss insurance contracts. 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 President/Chief Executive Officer and Vice President/Treasurer 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 not a member of a holding company system.

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.

Operating Ratios	Result
Net premiums written to policyholders' surplus	74%
Adjusted liabilities to liquid assets	47%
Two-year overall operating	91%

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	$18,865,961	62.73%
Other underwriting expenses incurred	9,586,944	31.88%
Net underwriting gain (loss)	1,620,226	5.39%
Premiums earned	$30,073,131	100.00%

The Company's reported risk-based capital ("RBC") score was 1,260.5% at December 31, 2023. 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.

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:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$ 6,421,012	$ 0	$ 6,421,012
Preferred stocks (stocks)	289,227	0	289,227
Common stocks (stocks)	4,623,969	0	4,623,969
Properties occupied by the company	73,055	0	73,055
Cash, cash equivalents and short-term investments	2,066,752	0	2,066,752
Other invested assets	1,423,228	0	1,423,228
Investment income due and accrued	60,356	0	60,356
Uncollected premiums and agents' balances in the course of collection	257,962	12,334	245,628
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,147,448	0	1,147,448
Amounts recoverable from reinsurers	(186,162)	0	(186,162)
Current federal and foreign income tax recoverable and interest thereon	70,259	0	70,259
Electronic data processing equipment and software	10,963	10,963	0
Furniture and equipment, including health care delivery assets	961	961	0
Cash surrender value life insurance	597,524	0	597,524
Total assets	$16,856,554	$24,258	$16,832,296

Liabilities, Surplus and Other Funds

Liabilities

Losses and loss adjustment expenses		$ 1,735,935
Commissions payable, contingent commissions and other similar charges		437,029
Other expenses (excluding taxes, licenses and fees)		364,772
Taxes, licenses and fees (excluding federal and foreign income taxes)		2,268
Net deferred tax liability		211,647
Unearned premiums		4,251,231
Advance premium		111,922
Ceded reinsurance premiums payable (net of ceding commissions)		287,329
Amounts withheld or retained by company for account of others		30,405
Remittances and items not allocated		17,776
Total liabilities		$ 7,450,314

Surplus and Other Funds

Minimum surplus to policyholders	$ 150,000	
Unassigned funds (surplus)	9,231,982	
Surplus as regards policyholders		$ 9,381,982
Total liabilities, surplus and other funds		$16,832,296

Note: The Internal Revenue Service has not performed any audits of the Company's Federal Income Tax returns for the period under examination. 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 $2,200,900, as detailed below:

Underwriting Income		
Premiums earned		$30,073,131
Deductions:		
Losses and loss adjustment expenses incurred	$18,865,961	
Other underwriting expenses incurred	9,586,944	
Total underwriting deductions		28,452,905
Net underwriting gain or (loss)		$ 1,620,226
Investment Income		
Net investment income earned	$ 551,504	
Net realized capital gain	231,439	
Net investment gain or (loss)		782,943
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ 8,555	
Finance and service charges not included in premiums	432,767	
Other income	7,225	
Total other income		448,547
Net income before dividends to policyholders and before federal and foreign income taxes		$ 2,851,716
Federal and foreign income taxes incurred		650,816
Net income		$ 2,200,900

C. Capital and Surplus

Surplus as regards policyholders increased $3,589,033 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			$5,792,949
	Gains in Surplus	Losses in Surplus	
Net income	$2,200,900	$0	
Net unrealized capital gains or (losses)	1,292,865	0	
Change in net deferred income tax	88,501	0	
Change in nonadmitted assets	6,767	0	
Total gains and losses	$3,589,033	$0	
Net increase (decrease) in surplus			3,589,033
Surplus as regards policyholders as reported by the Company as of December 31, 2023			$9,381,982

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 $1,735,935 is the same as reported by the Company as of December 31, 2023. 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 (57.4%) and homeowners'/farmowners' (36.7%) 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

This report contains no comments or recommendations.

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. 32608

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

Genesee Patrons Cooperative 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 1st day of March 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Joan Riddell

Joan Riddell
Deputy Bureau Chief