REPORT ON EXAMINATION
OF
CLAVERACK COOPERATIVE INSURANCE COMPANY

AS OF DECEMBER 31, 2023

EXAMINER: **DILBRINA BELGRAVE**
DATE OF REPORT: **JUNE 17, 2025**

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June 17, 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 32605 dated March 1, 2024, attached hereto, I have made an examination into the condition and affairs of Claverack Cooperative Insurance Company as of December 31, 2023, and submit the following report thereon.

Wherever the designation "the Company" or "Claverack" appears herein without qualification, it should be understood to indicate Claverack 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 Claverack Co-operative 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.

New York is the lead state of the Mid-Hudson Claverack Co-op Group (the "Group"), which consists of the Company and Mud-Hudson Cooperative Insurance Company ("Mid-Hudson"). The examination of the Company was performed concurrently with the examinations of the following New York domiciled insurers: Mid-Hudson and Midrox Insurance Company ("Midrox").

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
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 organized as Claverack Town Fire Insurance Company in 1857 to transact business as an assessment co-operative fire insurance company in the Town of Claverack, Columbia County, New York. In 1949, the territory was extended to include all of Columbia County. In 1957, the Company merged with the Livingston Town Insurance Company, of Livingston, New York, with the Company being the surviving company.

The Department issued a certificate on February 8, 1971, authorizing the Company to change its name to Claverack Cooperative Insurance Company.

Effective December 31, 2012, the Company merged with Farmers Town Mutual Insurance Company of Clinton ("Farmers"), with the Company being the surviving company. Upon the effective date of the merger, the policyholders of Farmers received dividend payments totaling $650,000. As a result of the merger, the Company's surplus increased by $336,860, net of the dividend payments.

Effective April 2, 2015, the Company and Mid-Hudson became affiliated.

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 15 members. The board met at least four times during each calendar year, in compliance with Section 6624(b) of the New York Insurance Law. At December 31, 2023, the board of directors was comprised of the following eleven members:

Name and Residence	Principal Business Affiliation
Marc C. Baez[1] Liberty, New York	Chief Executive Officer and President, The Sullivan County Partnership for Economic Development
Paul Boehme Chatham, New York	Retired
Katherine M. Buckley[2] Hudson, New York	Retired
Catherine M. Coombe[1] Grahamsville, New York	Partner, Coombe, Bender & Company Financial Advisors

Name and Residence	Principal Business Affiliation
Greg M. Cooper[1] Montgomery, New York	Vice President and Treasurer Mid-Hudson Co-Operative Insurance Company
Elizabeth A. Dolan[1] Hudson, New York	Retired
Raymond J. Enright[2] Stanfordville, New York	Retired
Edward N. Harper[1] Niskayuna, New York	President and Chief Executive Officer, Mid-Hudson Co-Operative Insurance Company
Alan R. Lewis[2] Newburgh, New York	Principal, Alan R. Lewis Law Office
Fred J. Morse[1] Margaretville, New York	President, Midrox Insurance Company
Kristin Plaia[2] Hudson, New York	School Psychologist, Hudson School District

[1]Also serves as a director on Mid-Hudson's and Midrox board of directors
[2]Also serves as a director on Mid-Hudson's board of directors

A review of the Company's charters for its committees noted the following:

- The audit committee charter states that "the committee shall meet no fewer than two times per year …and shall maintain minutes of all meetings..."
- The investment committee charter states that "the committee shall meet no fewer than three times per year… and shall maintain minutes of all meetings."

Based on the review of the committee meeting minutes, it was noted that the Company held the required number of audit committee meetings pursuant to its audit committee charter only in 2016. Additionally, for all years under review, the investment committee did not hold the required number of meetings pursuant to its investment committee charter.

It is recommended that the Company comply with its committee charters by holding all required meetings pursuant to such charter. A similar recommendation was made in the prior report on examination.

Part 89.12(e) of Department Regulation No. 118 states:

> "The Company shall provide written notification to the superintendent of the selection of its audit committee within 30 days of the effective date of this Part and within 30 days of any change in membership of the audit committee. The notice shall include a description of the reason for the change."

Based on a review of the audit committee meetings, there were changes to the audit committee membership for all years under review. However, the Company did not notify the Department of the changes in membership to the audit committee.

It is recommended that the Company ensure compliance with Part 89.12(e) of Department Regulation No. 118 and notify the Department of all changes in the audit committee membership within 30 days. A similar recommendation was made in the prior report on examination.

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

Name	Title
Edward N. Harper[3]	President and Chief Executive Officer
Greg M. Cooper[3]	Vice President
Catherine M. Coombe[4]	Secretary and Treasurer

[3] Also a principal officer of both Mid-Hudson and Midrox
[4] Also a principal officer of Mid-Hudson

B. Territory and Plan of Operation

As of December 31, 2023, the Company was licensed to write business in the State of New York 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

Paragraph	Line of Business
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 only)

The Company is also authorized to accept and cede reinsurance as provided in Section 6606(a)(1) of the New York Insurance Law.

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 $100,000.

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

Calendar Year	Total Gross Premiums
2019	$3,475,860
2020	$4,185,075
2021	$4,128,886
2022	$4,182,086
2023	$5,131,149

The Company predominantly writes commercial multiple peril, homeowners' multiple peril, fire, and farmowners' multiple peril, which accounted for 57%, 24% 8%, and 7%, respectively, of the 2023 direct premiums written. The business is produced through approximately 260 independent agents. The Company did not assume business in 2023.

C. Reinsurance Ceded

In 2018, the Company entered into a quota share reinsurance agreement with Mid-Hudson. Under the terms of the agreement, the Company cedes 100% of its writings to Mid-Hudson.

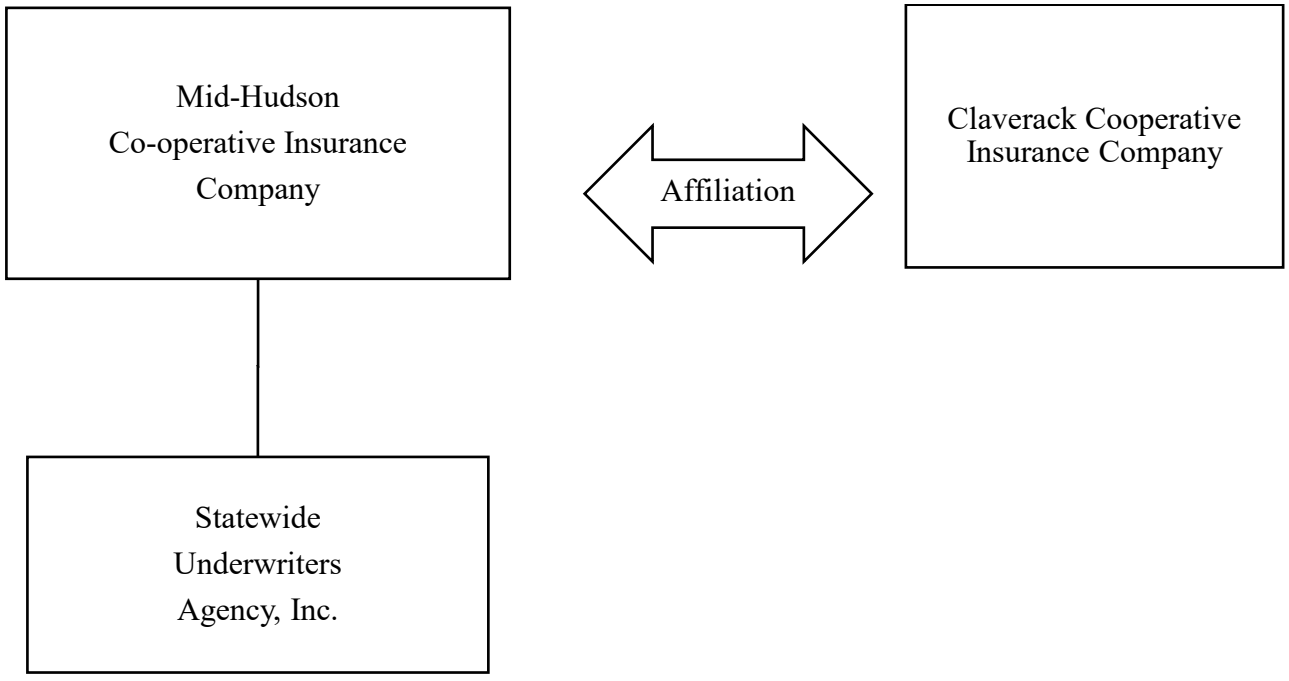
All significant ceded reinsurance agreements in effect as of the examination date were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

Examination review of the 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 President and Vice President. 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. Affiliated Group

Effective April 2, 2015, the Company entered into an affiliation agreement with Mid-Hudson, whereby the companies operate under a common management team and board of directors. This agreement was approved by the Department.

The following is an unabridged chart of the affiliated system at December 31, 2023:



The Company entered into a Management Services Agreement with Statewide Underwriters Agency, Inc. ("Statewide"), a subsidiary of Mid-Hudson, effective January 1, 2022. This agreement replaced the Management Services Agreement with Statewide effective January 1 2019. Under the terms of the agreement, for a fee based on gross written premium, Statewide shall provide all underwriting, marketing, and claims services, as well as specified accounting services. This agreement was approved by the Department.

Effective January 1, 2021, the Company entered into another Management Services Agreement with Statewide. Under the terms of the agreement, for a fee based on gross written premium, Statewide is authorized to research, select, implement and manage certain insurance IT software. This agreement was not filed with the Department.

Department Circular Letter 10 (2010) states in part:

> "… every domestic insurer that is exempt from Article 15 of the Insurance Law should furnish the with: (3) A report … at least 30 days in advance of entering into any of the following transactions: (D) Management agreements, service contracts, contracts of guarantee or surety, and all cost-sharing arrangements."

It is recommended the Company timely file with the Department its affiliated management agreements pursuant to Department Circular Letter 10 (2010).

Furthermore, based on the review of the 2023 annual statement, it was noted that the Company did not report management services fees paid to Statewide pursuant to the terms of the two management services agreements, noted above, its Schedule Y Part 2.

It is recommended that the Company properly disclose transactions with its affiliate in Schedule Y Part 2 in accordance with the NAIC Annual Statement Instructions. A similar recommendation was made in the prior report on examination.

E. Accounts and Records

Based on a review of the annual statement, it was noted that the Company misclassified management fees associated with the aforementioned management agreements noted in Section D of this report.

Part 105 of Title 11 New York Codes, Rules and Regulations (known as Department Regulation 30) establishes uniformity in classifications of expenses of property/casualty insurers that are recorded in statements and reports filed with the Department.

It is recommended that the Company classify its management fees pursuant to Part 105 of Department Regulation 30.

Additionally, during the examination, the examiner found several errors in the preparation of the 2023 annual statement. The Company did not properly report the following:

- Disclose its investment advisor in number 29.02 of the general interrogatories
- Disclose custodian in number 29.05 of the general interrogatories.
- The name of a board member in the jurat page.

It is recommended that the Company exercise greater care in the preparation of its annual statement in all future filings with this Department. A similar recommendation was made in the prior report.

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	$1,343,455	$ 0	$1,343,455
Common stocks (stocks)	469,893	0	469,893
Cash, cash equivalents and short-term investments	707,482	0	707,482
Receivables for securities	89,616	0	89,616
Aggregate write-ins for invested assets	8,799	8,799	0
Investment income due and accrued	8,704	0	8,704
Uncollected premiums and agents' balances in the course of collection	136,372	18,776	117,596
Deferred premiums, agents' balances and installments booked but deferred and not yet due	999,255	0	999,255
Total assets	$3,763,576	$27,575	$3,736,001

Liabilities, Surplus and Other Funds

Liabilities

Losses and loss adjustment expenses		$ 50,050
Commissions payable, contingent commissions and other similar charges		375,209
Other expenses (excluding taxes, licenses and fees)		148,874
Taxes, licenses and fees (excluding federal and foreign income taxes)		33,348
Advance premium		56,232
Ceded reinsurance premiums payable (net of ceding commissions)		1,458,359
Amounts withheld or retained by company for account of others		4,262
Payable to parent, subsidiaries and affiliates		999,255
Total liabilities		$3,125,589

Surplus and Other Funds

Aggregate write-ins for special surplus funds	$100,000	
Unassigned funds (surplus)	510,411	
Surplus as regards policyholders		$610,411
Total liabilities, surplus and other funds		$3,736,001

Note: The Internal Revenue Service has not audited tax returns covering tax years 2019 through 2023. 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 loss for the examination period as reported by the Company was $(867,559), as detailed below:

Underwriting Income		
Premiums earned		$ 0
Deductions:		
Losses and loss adjustment expenses incurred	$749,804	
Other underwriting expenses incurred	834,862	
Total underwriting deductions		1,584,666
Net underwriting gain or (loss)		$(1,584,666)
Investment Income		
Net investment income earned	$ 47,631	
Net realized capital gain	326,845	
Net investment gain or (loss)		$ 374,476
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$(33,333)	
Finance and service charges not included in premiums	361,841	
Aggregate write-ins for miscellaneous income		
Total other income		$ 328,508
Net income before federal and foreign income taxes		$ (881,682)
Federal and foreign income taxes incurred		(14,123)
Net income		$ (867,559)

C. Capital and Surplus

Surplus as regards policyholders decreased $821,052 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			$1,431,463
	Gains in Surplus	Losses in Surplus	
Net income		$867,559	
Net unrealized capital gains or (losses)	$69,868		
Change in net deferred income tax	26,700		
Change in nonadmitted assets		50,013	
Aggregate write-ins for gains and losses in surplus	0	48	
Total gains and losses	$96,568	$917,620	
Net increase (decrease) in surplus			(821,052)
Surplus as regards policyholders as reported by the Company as of December 31, 2023			$ 610,411

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $50,050 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.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	Corporate Governance	
i.	It is recommended that the Company hold all required audit committee meetings to ensure compliance with its audit committee charter. The Company has not complied with this recommendation. A similar comment is made in this report.	5
ii.	It is recommended that the Company ensures compliance with Department Regulation No. 118 by notifying the superintendent of all changes in audit committee membership within 30 days. The Company has not complied with this recommendation. A similar comment is made in this report.	5
B.	Accounts and Records	
	It is recommended that the Company exercise greater care in the preparation of its annual statement in all future filings with this Department. The Company has not complied with this recommendation. A similar comment is made in this report.	8
	It is recommended that the Company classify accounts correctly in accordance with the NAIC annual statement instructions in all future financial statements filed with the Department. The Company has not complied with this recommendation. A similar comment is made in this report.	9
C.	Market Conduct	
	It is recommended that the Company comply with all the requirements of Part 216.6(h) of Department Regulation No. 64 when issuing notices rejecting any element of a claim involving personal property insurance. The company complied with this recommendation.	15

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
	Corporate Governance	
	i. It is recommended that the Company comply with its committee charters by holding all required meetings pursuant to such charter.	4
	A similar recommendation was made in the prior report on examination.	
	ii. It is recommended that the Company ensure compliance with Part 89.12(e) of Department Regulation No. 118 and notify the Department of all changes in the audit committee membership within 30 days.	5
	A similar recommendation was made in the prior report on examination.	
B.	Affiliated Group	
	i. It is recommended the Company timely file with the Department its affiliated management agreements pursuant to Department Circular Letter 10 (2010).	8
	ii. It is recommended that the Company properly disclose transactions with its affiliate in Schedule Y Part 2 in accordance with the NAIC Annual Statement Instructions.	8
	Account and Records	
	i. It is recommended that the Company classify its management fees pursuant to Part 105 of Department Regulation 30.	9
	ii. It is recommended that the Company exercise greater care in the preparation of its annual statement in all future filings with this Department.	9
	A similar recommendation was made in the prior report.	

Respectfully submitted,

_____/S/_____
Dilbrina Belgrave, AFE, CISA, PIR
Financial Services Specialist 4

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

Dilbrina Belgrave, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

_____/S/_____
Dilbrina Belgrave

Subscribed and sworn to before me

this_____ day of _____, 2025.

APPOINTMENT NO. 32605

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:*

Dilbrina Belgrave

as a proper person to examine the affairs of the

Claverack Cooperative Insurance Company

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

COMPANY

with such other information as she 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