REPORT ON EXAMINATION
OF
HARTWICK TOWN INSURANCE COMPANY

AS OF DECEMBER 31, 2023

EXAMINER: **SHEIK MOHAMED**
DATE OF REPORT: **APRIL 24, 2025**

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April 24, 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 32739 dated January 2, 2025, attached hereto, I have made an examination into the condition and affairs of Hartwick Town 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 Hartwick Town 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 Hartwick Town 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 comprised a verification of assets and liabilities as of December 31, 2023. The examination included a review of income, disbursements and company records deemed necessary to accomplish such analysis or verification. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

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

Hartwick Town Insurance Company was organized under the laws of the State of New York on April 15, 1886, for the purpose of transacting business as an assessment cooperative fire insurance company in the Town of Hartwick, Otsego County, New York. The Company's current license, issued on March 2, 1998, authorizes the Company to transact business in Otsego County, 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 nine members. The board meets four times during each calendar year. At December 31, 2023, the board of directors was comprised of the following eight members:

Name and Residence	Principal Business Affiliation
Bart Barown Milford, New York	Vice President, Hartwick Town Insurance Company

Name and Residence	Principal Business Affiliation
Jean Barry Milford, New York	Retired
Judith Brown Milford, New York	Secretary and Treasurer, Hartwick Town Insurance Company Certified Public Accountant, Judith Brown CPA PLLC
Michael Chase Cooperstown, New York	Logging and Excavation, MJ Chase
Donald Elliott Milford, New York	Retired
Fred D. Field Milford, New York	Contractor, Fred Field & Son Excavating
Orrin Higgins Jr. Hartwick, New York	Fiber Technician, Otsego Electric Cooperative, Inc.
Patrick McBrearty Milford, New York	President, Hartwick Town Insurance Company

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

Name	Title
Patrick McBrearty	President
Judith Brown	Secretary and Treasurer
Bart Barown	Vice President

B. Territory and Plan of Operation

As of December 31, 2023, 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

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 written premiums by the Company for the period under examination:

Calendar Year	Total Direct Premiums
2019	$4,015
2020	$3,869
2021	$4,714
2022	$5,599
2023	$6,164

The Company writes fire insurance for rural residences and farmers. With a decline in farms, the Company has seen an increase in its writings for mobile homes and small seasonal camps. The Company does not use agents or brokers.

C. Reinsurance Ceded

The Company did not assume or cede any reinsurance during the examination period.

D. Holding Company System

The Company is not a member of a holding company system as of December 31, 2023.

E. Significant Ratios

The Company's two-year overall operating ratio of 128.6%, computed as of December 31, 2023, falls outside the benchmark range set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners. The unusual value is due to a high expense ratio and a low return on investments.

Operating Ratios	Result
Net premiums written to policyholders' surplus	4.6%
Adjusted liabilities to liquid assets	3.5%
Two-year overall operating	128.6%

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	$ 0	0.00%
Other underwriting expenses incurred	28,783	126.64%
Net underwriting gain (loss)	(6,055)	(26.64)%
Premiums earned	$22,728	100.00%

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	$ 71,047	$0	$ 71,047
Cash, cash equivalents and short-term investments	69,135	0	69,135
Total assets	$140,182	$0	$140,182

Liabilities, surplus and other funds			
Liabilities			
Unearned premiums			$ 4,841
Fire fee			31
Total liabilities			$ 4,872
Surplus and other funds			
Minimum surplus to policyholders		$100,000	
Unassigned funds (surplus)		35,310	
Surplus as regards policyholders			135,310
Total liabilities, surplus and other funds			$140,182

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

B. Statement of Income

The net income for the examination period as reported by the Company was $3,972, as detailed below:

Underwriting Income		
Premiums earned		$22,728
Deductions:		
Other underwriting expenses incurred	$28,783	
Total underwriting deductions		28,783
Net underwriting gain or (loss)		(6,055)
Net realized capital gains (losses)		150
Investment Income		
Net investment income earned	$ 9,851	
Net investment gain or (loss)		9,851
Other Income		
New York State Department of Financial Services refund	$ 26	
Total other income		26
Net income before federal income taxes		$ 3,972
Federal and foreign income taxes incurred		0
Net income		$ 3,972

C. Capital and Surplus

Surplus as regards policyholders increased $1,838 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			$133,472
	Gains in Surplus	Losses in Surplus	
Net income	$3,972	$ 0	
Net unrealized capital gains or (losses)	0	2,134	
Net increase (decrease) in surplus	$3,972	$2,134	1,838
Surplus as regards policyholders as reported by the Company as of December 31, 2023			$135,310

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 $0 is the same as reported by the Company as of December 31, 2023. There were no claims reported during the examination period.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	Corporate Governance It was recommended that the Company comply with its charter and by-laws by having 9 to 11 directors. The Company subsequently amended its charter and by-laws to require that its board of directors must consist of not less than seven, nor more than nine members. The Company is now in compliance with its amended charter and by-laws.	3

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. 32739

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

Hartwick Town 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 2nd day of January 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By:

Eileen Fox

Eileen Fox
Assistant Deputy Superintendent