REPORT ON EXAMINATION
OF
CALLICOON CO-OPERATIVE INSURANCE COMPANY

AS OF DECEMBER 31, 2024

EXAMINER: **SHEIK H. MOHAMED**
DATE OF REPORT: **SEPTEMBER 10, 2025**

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November 4, 2025

Honorable Kaitlin Asrow
Acting 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 32761 dated March 14, 2025, attached hereto, I have made an examination into the condition and affairs of Callicoon Co-operative Insurance Company as of December 31, 2024, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Callicoon Co-operative 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 Callicoon Co-operative Insurance Company, a single-state insurer. The previous examination was conducted as of December 31, 2019. This examination covered the five-year period from January 1, 2020, through December 31, 2024. 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

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 originally founded as the Callicoon Agricultural Fire Relief Association of Sullivan County on April 13, 1878, for the purpose of transacting business as an assessment co-operative insurance association in Sullivan County. Subsequently, the territorial limits were extended to cover all the

counties in the State, excluding the counties of New York, Kings, Queens, Bronx and Richmond. It was formally incorporated under New York State law on June 29, 1910 and adopted its current name in 1964.

A. Corporate Governance

Pursuant to the Company's by-laws, management of the Company is vested in a board of directors consisting of not less than eleven nor more than eighteen members. The board meets four times during each calendar year. At December 31, 2024, the board of directors was comprised of the following eleven members:

Name and Residence	Principal Business Affiliation
David W. Bodenstein Jeffersonville, New York	Vice President, Callicoon Co-operative Insurance Company
Thomas R. Bose Youngsville, New York	Supervisor, Town of Callicoon
Philip E. Conaty Matamoras, Pennsylvania	Retired
George W. Ferguson Wallkill, New York	Retired
Douglas E. Loucks Livingston Manor, New York	Insurance Agent, Callicoon Co-operative Insurance Company
Juliette McKerrell Eldred, New York	Senior Vice President of Commercial Lending, Heritage Financial Credit Union
Brian P. Rourke Liberty, New York	Secretary and Treasurer, Callicoon Co-operative Insurance Company
Jeanne L. Smith Livingston Manor, New York	Insurance Agent, Callicoon Co-operative Insurance Company
Edward T. Sykes Callicoon, New York	President, Callicoon Co-operative Insurance Company
Steven A. Thornton Saugerties, New York	Retired
Lee C. Titus Wallkill, New York	Retired

As of December 31, 2024, the principal officers of the Company were as follows:

Name	Title
Edward T. Sykes	President
Brian P. Rourke	Secretary and Treasurer
David W. Bodenstein	Vice President

B. Territory and Plan of Operation

As of December 31, 2024, 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
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability (excluding worker's compensation)
19	Motor vehicle and aircraft physical damage (excluding 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 $100,000.

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

Calendar Year	Total Direct Premiums
2020	$6,326,598
2021	$6,308,369
2022	$6,358,614
2023	$6,671,591
2024	$7,810,455

The Company did not assume any business during the period under examination.

The Company writes predominantly commercial multiple peril, homeowners' multiple peril, and fire insurance, which accounted for 41.5%, 34.4%, and 10.3%, respectively, of its 2024 direct premiums written. The Company writes direct business through approximately 23 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.

As of December 31, 2024, the Company has structured its ceded reinsurance program as follows:

Type of Treaty	Cession
Property (3 layers)	$1,800,000 excess of $200,000 ultimate net loss, each loss, each risk subject to a limit of liability to the reinsurers of $4,700,000 each loss occurrence.
Casualty (3 layers)	$1,850,000 excess of $150,000 ultimate net loss, each loss occurrence.
Casualty clash	$1,000,000 excess of $2,000,000 ultimate net loss, each loss occurrence.
Casualty and property combined	If a loss involves at least one casualty and one property policy, $150,000 excess of $200,000 ultimate net loss, 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 of $150,000 ultimate net loss, each loss occurrence.

Type of Treaty	Cession
Property catastrophe	$4,700,000 excess of $500,000 ultimate net loss, each loss occurrence.
Equipment breakdown quota share	100% of the Company's net retained liability; cessions limited to $5,000,000 on any one risk; and cessions limited to $100,000 per occurrence on any one personal lines risk without prior written agreement of the reinsurer.

All reinsurance is placed with 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 Principle ("SSAP") No. 62R. Representations were supported by an attestation from the Company's Secretary/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

As of December 31, 2024, the Company was not a member of a holding company system.

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2024, 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	15%
Adjusted liabilities to liquid assets	16%
Two-year overall operating	67%

Underwriting Ratios

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

	Amount	Ratio
Losses and loss adjustment expenses incurred	$10,376,749	39.72%
Other underwriting expenses incurred	10,544,427	40.36%
Net underwriting gain (loss)	5,204,327	19.92%
Premiums earned	$26,125,503	100.00%

The Company's reported risk-based capital ("RBC") score was 4,586.3% at December 31, 2024. 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, 2024, as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$33,036,721	$ 0	$33,036,721
Common stocks (stocks)	8,046,733	0	8,046,733
Properties occupied by the company	509,654	0	509,654
Cash, cash equivalents and short-term investments	2,452,099	0	2,452,099
Investment income due and accrued	274,131	0	274,131
Uncollected premiums and agents' balances in the course of collection	1,191,256	0	1,191,256
Deferred premiums, agents' balances and installments booked but deferred and not yet due	422,359	0	422,359
Amounts recoverable from reinsurers	314,113	0	314,113
Total assets	$46,247,066	$ 0	$46,247,066

Liabilities, Surplus and Other Funds

Liabilities

Losses and loss adjustment expenses		$ 2,034,657
Commissions payable, contingent commissions and other similar charges		779,062
Other expenses (excluding taxes, licenses and fees)		3,934
Current federal and foreign income taxes		58,381
Net deferred tax liability		241,700
Unearned premiums		3,976,144
Advance premium		121,569
Ceded reinsurance premiums payable (net of ceding commissions)		50,667
Remittances and items not allocated		4,610
Total liabilities		$ 7,270,724

Surplus and Other Funds

Special fund for multi peril lines	$ 100,000	
Unassigned funds (surplus)	38,876,342	
Surplus as regards policyholders		$38,976,342
Total liabilities, surplus and other funds		$46,247,066

Note: The Internal Revenue Service has not audited tax returns covering tax years 2020 and/through 2024. 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 $8,206,567, as detailed below:

Underwriting Income		
Premiums earned		$26,125,503
Deductions:		
Losses and loss adjustment expenses incurred	$10,376,749	
Other underwriting expenses incurred	10,544,427	
Total underwriting deductions		20,921,176
Net underwriting gain or (loss)		$ 5,204,327
Investment Income		
Net investment income earned	$ 4,351,890	
Net realized capital gain	(125,618)	
Net investment gain or (loss)		4,226,272
Other Income		
Finance and service charges not included in premiums	$ 184,725	
Paycheck protection program loan forgiveness	135,773	
Total other income		320,498
Net income before federal and foreign income taxes		$ 9,751,097
Federal and foreign income taxes incurred		1,544,530
Net income		$ 8,206,567

C. Capital and Surplus

Surplus as regards policyholders increased $8,939,485 during the five-year examination period January 1, 2020 through December 31, 2024, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2019			$30,036,857
	Gains in Surplus	Losses in Surplus	
Net income	$8,206,567		
Net unrealized capital gains or (losses)	1,139,478		
Change in net deferred income tax	0	$241,700	
Correction of an error	0	164,860	
Total gains and losses	$9,346,045	$406,560	
Net increase (decrease) in surplus			8,939,485
Surplus as regards policyholders as reported by the Company as of December 31, 2024			$38,976,342

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 $2,034,657 is the same as reported by the Company as of December 31, 2024. 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 one recommendation as follows (page numbers refer to the prior report):

ITEM		PAGE NO.
A.	Management It was recommended that the Company maintain fidelity bond coverage in the amounts prescribed by the NAIC. The Company has complied with this recommendation.	4

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

This report on examination does not contain any comments or recommendations.

Respectfully submitted,

_____/S/_____
Sheik H. Mohamed, CFE
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. 32761

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

Callicoon Co-operative 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 14th day of March, 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: ***Eileen Fox***

Eileen Fox
Assistant Deputy Superintendent