REPORT ON EXAMINATION
OF
FULMONT MUTUAL INSURANCE COMPANY

AS OF DECEMBER 31, 2023

EXAMINER: **JUSTIN MATHEW**
DATE OF REPORT: **DECEMBER 30, 2025**

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December 30, 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 32717, dated October 29, 2024, and attached hereto, I have made an examination into the condition and affairs of Fulmont Mutual 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 Fulmont Mutual 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 Fulmont Mutual 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
Affiliated group 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 the 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

Fulmont Mutual Insurance Company was incorporated under the laws of the State of New York on August 9, 1853, as the Fulton and Montgomery Counties Farmers Mutual Fire Insurance Association for the purpose of transacting business as an assessment cooperative fire insurance association in Fulton and Montgomery Counties, New York.

A certificate was issued by this Department on December 27, 1910, which authorized the Company to continue the transaction of business in the above-named counties.

On December 31, 1986, the Company converted to an advance premium cooperative insurance company and adopted its current name. At the same time, the Company became qualified to write non-assessable policies and was permitted to extend its territorial limits to include the entire state of New York.

On May 1, 1998, the Company merged with The Mohawk Minden Insurance Company, with the Company being the surviving company.

In 2011, the Company's wholly-owned subsidiary, Westport MLM Agency, Inc., merged into FM Scion Service Corp. ("FM Scion"), also wholly-owned by the Company, with FM Scion being the surviving entity.

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 ten members. The board meets four times during each calendar year. At December 31, 2023, the board of directors was comprised of the following nine members:

Name and Residence	Principal Business Affiliation
Marlene A. Benton Amsterdam, New York	President, Fulmont Mutual Insurance Company
David W. Briggs Fort Plain, New York	Retired

Name and Residence	Principal Business Affiliation
Terry L. Dufel Tribes Hill, New York	Retired
Joanne E. Gifford Johnstown, New York	Secretary, Fulmont Mutual Insurance Company
Frederick E. Guzielek Fairport, New York	Retired
Thomas E. Kelly Saratoga Springs, New York	Attorney, Kelly and Leonard LLP
Gregory M. Kinowski Johnstown, New York	Agent, Kinowski Agency
Laurie M. Schroeder, Amsterdam, New York	Treasurer, Fulmont Mutual Insurance Company
Clayton J. Sitterly, Gloversville, New York	Real Estate Broker, Caldwell Banker

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

Name	Title
Marlene A. Benton	President
Joanne E. Gifford	Secretary
Donna L. Albanese	Assistant Secretary
Laurie M. Schroeder	Treasurer

Subsequent to the examination period, effective April 16, 2024, Marlene A. Benton retired, and Joanne Gifford was appointed as 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
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
12	Collision
13	Personal injury liability
14	Property damage liability
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine (inland only)

The Company is also licensed to accept and cede reinsurance as provided in Section 6606 of the New York Insurance Law.

Based upon the lines of business for which the Company is licensed 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 $482,395.

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

Calendar Year	Direct Premiums
2019	$3,811,379
2020	$3,561,649
2021	$3,386,465
2022	$3,320,982
2023	$3,350,183

In 2023, the Company primarily wrote homeowners' multiple peril (36.3%), commercial multiple peril – non-liability (23.1%), fire (15.4%) and commercial multiple peril – liability (12.4%).

All of the Company's business originates from independent agents.

C. Reinsurance Ceded

The Company has structured its ceded reinsurance program as follows:

Type of Treaty	Cession
Multi-Line Per Risk Excess of Loss (100% placed)	Property Business: $940,000 excess of $60,000 each loss, each risk, subject to a limit of $1,880,000 each loss occurrence. Casualty Business: $940,000 excess of $60,000 each loss occurrence, each policy.
Property Facultative Per Risk Excess of Loss (100% placed)	$4,500,000 excess of $1,000,000 each loss, each risk.
Property Catastrophe Excess of Loss (Two layers, 100% placed)	$4,900,000 excess of $100,000 each loss occurrence.
Casualty Clash Excess of Loss (100% placed)	$1,000,000 excess of $1,000,000 each and every loss occurrence involving two or more policies. $2,000,000 excess of $2,000,000 each and every loss occurrence involving workers' compensation losses.

In 2023, the Company's ceded premiums totaled $1.4 million, all of which was ceded to authorized reinsurers.

As of December 31, 2023, the Company reported approximately $3,3711,000 in net reinsurance recoverables, which is over three times the Company's surplus. Approximately 30% of the net reinsurance recoverables are attributable to one authorized reinsurer that has an AM Best financial strength rating of A+.

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

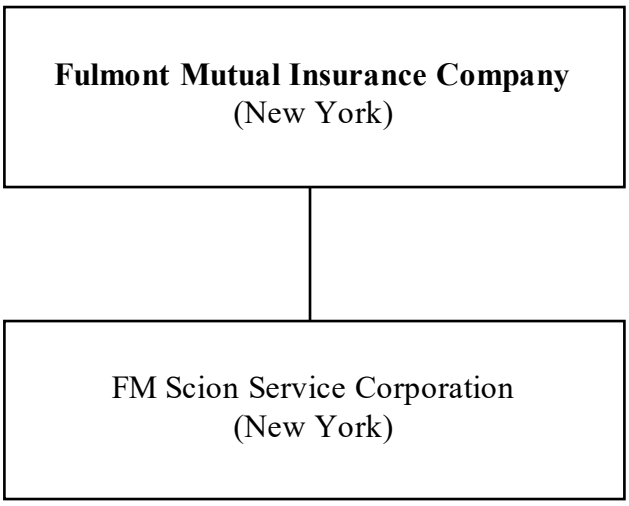
ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R.

D. Affiliated Group

As of December 31, 2023, the Company owned 100% of the common stock of FM Scion. Prior to 2011, the Company had two subsidiaries: Westport MLM Agency ("Westport") and FM Scion. FM Scion was organized for the purpose of providing certain ancillary services to the Company. In 1982, FM Scion expanded its scope to include the business of insurance broker, which provided a vehicle for those agents, who were also brokers, to write coverage that the Company did not write. Westport was organized in 1987 to conduct business as a general insurance agency and brokerage company. On August 19, 2011, Westport and FM Scion merged, with FM Scion as the surviving company.

A review of the annual filings made pursuant to Department Regulation 53 during the examination period indicated that such filings were complete and were filed in a timely manner.

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



As of December 31, 2023, the Company has in place an expense allocation agreement with FM Scion. This agreement was filed with the Department and was non-disapproved.

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	165%
Adjusted liabilities to liquid assets	67%
Two-year overall operating	84%

Underwriting Ratios

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

	Amount	Ratio
Losses and loss adjustment expenses incurred	$5,054,804	60.10%
Other underwriting expenses incurred	3,591,171	42.70%
Net underwriting loss	(236,011)	(2.80)%
Premiums earned	$8,409,964	100.00%

The Company's reported risk-based capital ("RBC") score was 457.5% at December 31, 2023. The RBC score 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 score 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	$ 532,211	$ 0	$ 532,211
Common stocks	99,100	0	99,100
Cash, cash equivalents and short-term investments	2,073,011	0	2,073,011
Investment income due and accrued	4,675	0	4,675
Uncollected premiums and agents' balances in the course of collection	83,830	8,467	75,363
Deferred premiums, agents' balances and installments booked but deferred and not yet due	258,850	0	258,850
Amounts recoverable from reinsurers	88,304	1,912	86,392
Net deferred tax asset	269,897	269,897	0
Electronic data processing equipment and software	38,264	3,195	35,069
Accounts receivable other	20,879	0	20,879
Fair plan	6,161	1,297	4,864
Total assets	$3,475,182	$284,768	$3,190,414

Liabilities, Surplus and Other Funds

Liabilities		
Losses and loss adjustment expenses		$ 671,687
Commissions payable, contingent commissions and other similar charges		110,300
Other expenses (excluding taxes, licenses and fees)		3,001
Taxes, licenses and fees (excluding federal and foreign income taxes)		1,996
Unearned premiums		1,196,767
Advance premium		48,048
Ceded reinsurance premiums payable (net of ceding commissions)		(11,238)
Amounts withheld or retained by company for account of others		4,064
Total liabilities		$2,024,625
Surplus and Other Funds		
NYS required special surplus	$479,418	
Unassigned funds (surplus)	686,371	
Surplus as regards policyholders		1,165,789
Total liabilities, surplus and other funds		$3,190,414

Note: During the examination period, the Company was not subject to audit by the Internal Revenue Service. 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 $513,507, as detailed below:

Underwriting Income		
Premiums earned		$8,409,964
Deductions:		
Losses and loss adjustment expenses incurred	$5,054,804	
Other underwriting expenses incurred	3,591,171	
Total underwriting deductions		8,645,975
Net underwriting loss		$ (236,011)
Investment Income		
Net investment income earned	$ (13,887)	
Net realized capital gain	257,620	
Net investment gain		$ 243,733
Other Income		
Net gain from agents' or premium balances charged off	$ 147,541	
Finance and service charges not included in premiums	224,338	
PPP Loan	133,906	
Total other income		505,785
Net income before dividends to policyholders and before federal and foreign income taxes		$ 513,507
Dividends to policyholders		0
Net income after dividends to policyholders but before federal and foreign income taxes		$ 513,507
Federal and foreign income taxes incurred		0
Net income		$ 513,507

C. Capital and Surplus

Surplus as regards policyholders increased $312,601 for the 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			$ 853,188
	Gains in Surplus	Losses in Surplus	
Net income	$513,507	$ 0	
Net unrealized capital losses		120,011	
Change in net deferred income tax		79,718	
Change in nonadmitted assets	66,005		
Change in provision for reinsurance	2,000		
Miscellaneous		3,400	
Restate prior year fair plan transaction	0	65,782	
Total gains and losses	$581,512	$268,911	
Net increase in surplus			312,601
Surplus as regards policyholders, as reported by the Company as of December 31, 2023			$1,165,789

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 $671,687 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. Most of the reserves were concentrated in the commercial multiple peril – liability portion, and homeowners multiple peril lines of business.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained three recommendations as follows (page number refers to the prior report):

ITEM		PAGE NO.
A.	Impairment	
	The examination has determined that as of December 31, 2018, the Company's minimum required to be maintained surplus of $468,593 was impaired in the amount of $143,405. It is recommended that the Company cure its impairment.	1, 12, 15, 19
	In 2021, the Company sold its home office building. The impairment that was created by the examination change noted in the prior report on examination was subsequently eliminated by the capital gain recognized on the sale of the Company's home office building.	
	The Company has complied with this recommendation.	
B.	Loss and Loss Adjustment Expenses	
	It is recommended that the Company address the reserving inadequacies and increase its carried reserves to an appropriate level, pursuant to the provisions of Section 1303 of the New York Insurance Law and SSAP No. 55.	16
	The Company has complied with this recommendation.	
C.	Borrowed Money	
	It is recommended that the Company amend its accounting treatment for the transaction by eliminating the $250,000 enhancement to surplus.	18
	The Company reported in its filed quarterly statement as of September 30, 2021, that the lease transaction has been paid in full; accordingly, no further adjustments are necessary.	
	The Company has complied with this recommendation.	

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

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

Respectfully submitted,

_____/S/_____
Justin Mathew
Financial Services Examiner 3

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

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

_____/S/_____
Justin Mathew

Subscribed and sworn to before me

this_____ day of_____, 2026

APPOINTMENT NO. 32717

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:*

Justin Mathew

as a proper person to examine the affairs of the

Fulmont Mutual 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 29th day of October, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Eileen Fox

Eileen Fox
Assistant Deputy Superintendent