REPORT ON EXAMINATION
OF
ALLEGANY CO-OP INSURANCE COMPANY

AS OF DECEMBER 31, 2024

EXAMINER: **LEE R. PROWELL**
DATE OF REPORT: **JUNE 9, 2026**

TABLE OF CONTENTS

ITEM		PAGE NO.
1.	Scope of examination	2
2.	Description of Company	3
	A. Corporate governance	3
	B. Territory and plan of operation	5
	C. Reinsurance ceded	6
	D. Affiliated group	8
	E. Significant ratios	10
3.	Financial statements	11
	A. Balance sheet	11
	B. Statement of income	13
	C. Capital and surplus	14
4.	Losses and loss adjustment expenses	14
5.	Compliance with prior report on examination	15
6.	Summary of comments and recommendations	15

June 9, 2026

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 32836 dated August 14, 2025, attached hereto, I have made an examination into the condition and affairs of Allegany Co-op 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 Allegany Co-op 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 Allegany Co-op Insurance Company, a multi-state insurer. The Company is licensed solely in New York; however, it is considered to be a multi-state insurer as it reinsures business covering risks residing in more than one state.

The previous examination was conducted as of December 31, 2021. This examination covered the three-year period from January 1, 2022, through December 31, 2024. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

New York was the lead state of the Allegany Insurance Group examination. The examination was performed concurrently with the examinations of the following insurers: United Frontier Mutual Insurance Company ("UFMIC"), a New York domiciled company, and Conemaugh Valley Mutual Insurance Company ("CVMIC"), a Pennsylvania domiciled company. Pennsylvania participated in the examination.

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 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

Allegany Co-op Insurance Company was incorporated under the laws of the State of New York on April 3, 1887, as the Allegany County Farmers' Co-operative Fire Insurance Company for the purpose of transacting business as an assessment co-operative fire insurance company. It became licensed on April 13, 1887, and commenced business on April 15, 1887. A certificate issued by this Department on July 19, 1971, permitted the Company to change its name to Allegany Co-op Insurance Company.

During 2007, the policyholders of Allegany Co-op Insurance Company approved the conversion of the Company to an advance premium co-operative and the subsequent merger of the Company with Monroe Co-op Insurance Company of Rochester, NY ("Monroe"). On October 1, 2007, the merger between the Company and Monroe was finalized with the Company as the surviving entity.

On December 11, 2007, the Company entered into affiliation agreement with CVMIC. CVMIC is an insurance company licensed in Pennsylvania that provides property and liability coverage in that state.

On March 21, 2023, the Company entered into an affiliation agreement with UFMIC. UFMIC is an advanced premium co-op property and casualty insurance company domiciled in 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 nine nor more than fifteen members. The board meets five 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
Kevin O'Connor Harris New York	Business Owner, Consultant
Joel Craig Hopkins Pennsylvania	Senior Vice President/General Counsel, Capital BlueCross

Name and Residence	Principal Business Affiliation
Erland Ernest Kailbourne New York	Retired Chair, Albany International Corporation
Brian Howard Lehman Pennsylvania	Retired Executive Vice President/Chief Financial Officer/Secretary, Reliance Savings Bank
Byron Keith Long New York	President & Chief Executive Officer, Allegany Insurance Group
Matthew Frank Minor New York	Retired Senior Loan Officer, Farm Credit
Pamela Joy Nelligan New York	Software Developer, Statdash LLC
Deborah Kay Pawlowski New York	Investor Relations, Alliance Advisors
Keith William Saylor Pennsylvania	Supervisor, Richland Pennsylvania Township
Rodney Richmond Stettner New York	Commercial Farmer
Duane Allen Vaclavik New York	Retired Chief Executive Officer, Great Valley Federal Credit Union

On May 7, 2025, the Company's charter and by-laws were amended to decrease the minimum number of directors on the board to not less than seven members.

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

Name	Title
Byron Keith Long	President
Keith William Saylor	Secretary
Holly A Thropp	Treasurer
Duane Allen Vaclavik	Chairman
Sarah D. Zulauf	Vice President
Melanie K. Stam	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
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
19	Motor vehicle and 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 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 $950,000.

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

Calendar Year	Direct Premiums	Assumed Premiums	Total Gross Premiums
2022	$13,928,251	$ 4,801,210	$18,729,461
2023	$14,617,060	$ 4,978,142	$19,595,202
2024	$16,679,014	$21,982,596	$38,661,610

At December 31, 2024, commercial multiple peril (non-liability portion), homeowners' multiple peril, and farmowners' multiple peril accounted for approximately 43%, 40% and 10%, respectively, of the lines of business written by the company. Lines of business assumed are consistent with the direct lines of

business written. Approximately 99% of assumed premiums were from affiliates based on a pooling agreement the company entered into with UFMIC and CVMIC.

The Company uses an independent agency system for distribution. On December 31, 2024, the Company had appointed approximately 376 independent agents in New York. During the review of the appointed agents, it was noted that there were no documented review and sign-off procedures for updating agent records.

It is recommended that the Company establish documented review and sign off procedures to verify that the monthly agents' records are properly updated.

Due to the pooling agreement (described in section 2C of this report), the net exposure of the Company is significantly different than its direct and assumed exposure.

C. Reinsurance Ceded

Intercompany Pooling Agreement

Effective January 1, 2024, the Company entered into a reinsurance pooling agreement, as pool administrator, with United Frontier Mutual Insurance Company, and Conemaugh Valley Mutual Insurance Company ("CVMIC"), (collectively, "the pool participants"), whereby, the pool participants cede 100% of their business on a net basis to the pool administrator. The pool administrator retrocedes to the pool participants the proportional share of the assumed business according to the following percentages:

Allegany Co-op Insurance Company (pool administrator)	66%
United Frontier Mutual Insurance Company	22%
Conemaugh Valley Mutual Insurance Company	12%

CVMIC is an unauthorized insurer; therefore, it is required to provide collateral to allow the pool administrator to take statutory reinsurance credit.

The pooling agreement was approved by both the Department and the Pennsylvania Insurance Department.

Ceded Reinsurance Program

The Company has structured its ceded reinsurance program as follows:

Treaty	Reinsurance Ceded
Property Casualty Combination Excess of Loss (Two Layers)	Property $3,600,000 excess of $400,000 each loss, each risk; subject to a limit of liability to the reinsurer of $1,710,000 and $6,000,000 each loss occurrence on layers 1 and 2 respectively. Casualty $3,600,000 in excess of $400,000, each loss, each risk. 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 have first sustained an ultimate net loss in excess of $4,000,000 Property and Casualty combined $400,000 excess $400,000 each loss occurrence.
Property Catastrophe Excess of Loss (Two Layers)	$20,000,000 in excess of $1,500,000, ultimate net loss per occurrence involving three or more risks. $18,500,000 in excess of $21,500,000 each loss occurrence, subject to a contract year limit of $37,000,000.
Property Facultative Per Risk Excess of Loss	$2,000,000 excess of $1,000,000 each loss, each risk
Equipment Breakdown Quota Share Cession	100% of the Company's ultimate net retained liability. Cessions shall not exceed $15,000,000 on any one risk.

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.

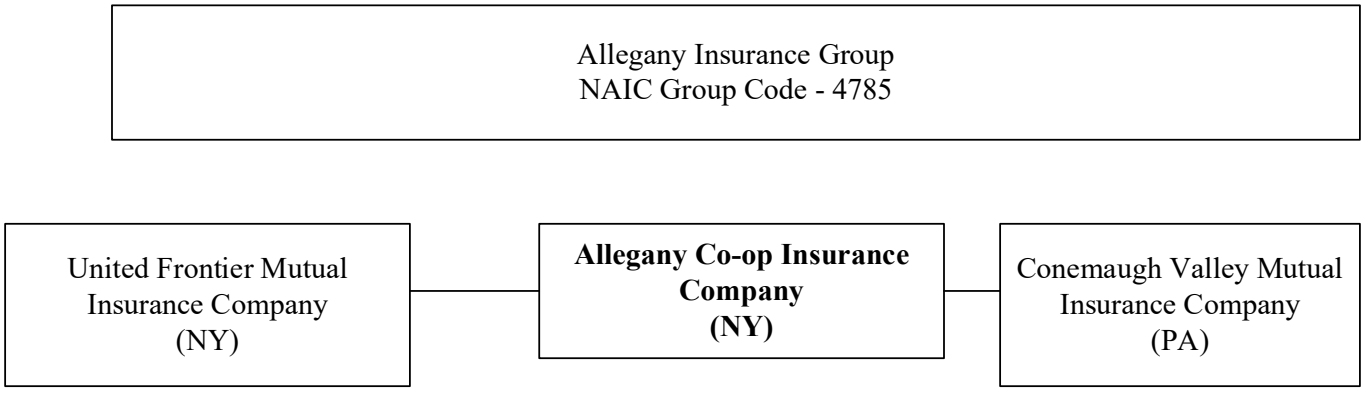
Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles ("SSAP") No. 62R. Representations were supported by appropriate risk transfer analyses and 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

The Company is a member of the Allegany Insurance Group along with UFMIC and CVMIC. The three entities in the group are controlled by a common board of directors but, because of their corporate charters, they report independently of each other and maintain separate legal identities. The companies are affiliated by virtue of common board members, a reinsurance pooling agreement, and a master administrative service agreement that enables the companies to share resources.

A review of the holding company registration statements filed with this Department indicated that such filings were complete and were filed in a timely manner.

The following is an unabridged of the affiliated group at December 31, 2024:



At December 31, 2024, the Company was a party to the following agreement with other members of its affiliated group system:

Affiliation Agreement - UFMIC

On March 21, 2023, the Company entered into an affiliation agreement with UFMIC, with each company remaining separate and distinct corporate entities. Pursuant to the terms of the agreement, the Company is the controlling entity by holding a majority of the membership on UFMIC's board of directors. The arrangement which created the affiliation included the aforementioned reinsurance pooling agreement, and master service agreement described further herein.

Affiliation Agreement – CVMIC

Effective December 11, 2007, the Company and CVMIC entered into an affiliation agreement with each company remaining separate and distinct corporate entities. Pursuant to the terms of the agreement, the Company is the controlling entity by holding a majority of the membership on CVMIC's board of directors. The arrangement which created the affiliation included the aforementioned reinsurance pooling agreement, surplus notes, and master service agreement described further herein.

Surplus Note

On December 11, 2007, the Company purchased a surplus note totaling $1,000,000 issued by CMVIC. Interest in the note is not to exceed 10%. Repayment of the note and any interest due may only be paid out of free and divisible surplus of CVMIC with prior approval of the Pennsylvania Insurance Department. At December 31, 2024, the Company reported the surplus note as a non-admitted asset of $499,129.

Master Administrative Services Agreement

Effective January 1, 2024, the Company entered into an administrative services agreement with UFMIC and CVMIC, whereby the Company, as the ultimate controlling person, will provide the following services to UFMIC and CVMIC: financial, corporate secretarial, marketing and producer relationships, recordkeeping and reporting, purchasing services, insurance and risk management services, human resources, taxation and audit services, and, policyholder service operations. Services provided are charged on the basis of the Company's direct and directly allocable expenses, reasonably and equitably determined to be attributable to such services.

The agreement was non-disapproved by the Department on December 15, 2023.

The agreement replaced the previous expense sharing agreement with CVMIC and the master services agreement with UFMIC.

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	44%
Adjusted liabilities to liquid assets	49%
Two-year overall operating	84%

Underwriting Ratios

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

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$27,044,179	58.21%
Other underwriting expenses incurred	19,795,387	42.61%
Net underwriting gain (loss)	(383,478)	(0.83)%
Premiums earned	$46,456,088	100.00%

The Company's reported risk-based capital ("RBC") score was 2,779.7% 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	$52,525,273	$ 0	$52,525,273
Common stocks	12,001,024		12,001,024
Real Estate: Properties occupied by the company	614,774		614,774
Cash, cash equivalents and short-term investments	5,688,876		5,688,876
Other invested assets	499,129	499,129	0
Investment income due and accrued	465,991		465,991
Uncollected premiums and agents' balances in the course of collection	5,129,904		5,129,904
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,613,041	900	1,612,141
Amounts recoverable from reinsurers	1,077,402		1,077,402
Funds held by or deposited with reinsured companies	5,815,272		5,815,272
Current federal and foreign income tax recoverable and interest thereon	207,808		207,808
Net deferred tax asset	125,586		125,586
Electronic data processing equipment and software	105,089	77,895	27,194
Furniture and equipment, including health care delivery assets	216,362	216,362	0
Receivables from parent, subsidiaries and affiliates	188,502		188,502
RRCP - equity in pools	25,799		25,799
CSV - Directors and officers life insurance	659,299		659,299
Equity in pools - FAIR plan	35,607	9,585	26,022
NAMICO - Equity in pools	272,625	0	272,625
Total assets	$87,267,363	$803,871	$86,463,492

Liabilities, Surplus and Other Funds

Liabilities

Losses and loss adjustment expenses		$10,661,131
Reinsurance payable on paid losses and loss adjustment expenses		2,125,454
Commissions payable, contingent commissions and other similar charges		1,327,279
Other expenses (excluding taxes, licenses and fees)		1,251,270
Taxes, licenses and fees (excluding federal and foreign income taxes)		8,421
Unearned premiums		12,188,968
Advance premium		268,934
Ceded reinsurance premiums payable (net of ceding commissions)		3,669,165
Funds held by company under reinsurance treaties		4,919,667
Total liabilities		$36,420,289

Surplus and Other Funds

Special contingent surplus	$ 1,063,449	
Unassigned funds (surplus)	48,979,755	
Surplus as regards policyholders		$50,043,204
Total liabilities, surplus and other funds		$86,463,493

Note: The Internal Revenue Service has not audited tax returns covering tax years 2022 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 $4,604,444, as detailed below:

Underwriting Income		
Premiums earned		$46,456,088
Deductions:		
Losses and loss adjustment expenses incurred	$27,044,179	
Other underwriting expenses incurred	19,795,387	
Total underwriting deductions		46,839,566
Net underwriting gain or (loss)		$ (383,478)
Investment Income		
Net investment income earned	$ 4,505,057	
Net realized capital gain	990,385	
Net investment gain		5,495,442
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (23,752)	
Finance and service charges not included in premiums	478,265	
Miscellaneous income (expense)	6,473	
FAIR Plan	297	
Total other income		461,283
Net income before federal and foreign income taxes		$5,573,247
Federal and foreign income taxes incurred		968,803
Net income		$4,604,444

C. Capital and Surplus

Surplus as regards policyholders increased $5,236,704 during the three-year examination period January 1, 2022, 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, 2021			$44,806,500
	Gains in Surplus	Losses in Surplus	
Net income	$4,604,444		
Net unrealized capital gains	183,930		
Change in net deferred income tax	175,047		
Change in non-admitted assets	273,283	$ 0	
Total gains and losses	$5,236,704	$ 0	
Net increase in surplus			5,236,704
Surplus as regards policyholders as reported by the Company as of December 31, 2024			$50,043,204

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 $10,661,131 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 three recommendations as follows (page numbers refer to the prior report):

ITEM		PAGE NO.
A.	Reinsurance Ceded It was recommended that the Company institute procedures to ensure the timely filing of reinsurance agreements and amendments in accordance with Department Circular Letter 10 (2010). The Company has complied with this recommendation.	6
B	Accounts and Records	
i.	It was recommended that the Company institute controls to ensure that its CPA contract complies with 11 NYCRR 89.10(a)(4). The Company has complied with this recommendation.	10
ii.	It was recommended that the Company institute procedures to ensure compliance with Section 1409(a) of New York Insurance Law. The Company has complied with this recommendation	10

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Territory and Plan of Operation It is recommended that the Company establish documented review and sign off procedures to verify that the monthly agents' records are properly updated.	6

Respectfully submitted,

_____/S/_____
Lee Prowell
Financial Services Examiner 5

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

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

_____/S/_____
Lee Prowell

Subscribed and sworn to before me

this_____ day of_____, 2026.

APPOINTMENT NO. 32836

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:*

Lee Prowell

as a proper person to examine the affairs of the

Allegany Co-Op 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 August 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Eileen Fox

Eileen Fox
Assistant Deputy Superintendent