REPORT ON EXAMINATION
OF
EASTERN MUTUAL INSURANCE COMPANY

AS OF DECEMBER 31, 2024

EXAMINER: **JAMES WANG, CFE**
DATE OF REPORT: **JUNE 2, 2026**

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June 2, 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 32842 dated September 11, 2025, attached hereto, I have made an examination into the condition and affairs of Eastern Mutual 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 Eastern 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 Eastern Mutual Insurance Company, a single-state insurer. The previous examination was conducted as of December 31, 2019. This examination covered the 5-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

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

Eastern Mutual Insurance Company was organized on January 8, 1855, as the Farmers' Fire Insurance Association of the Towns of Greenville, Dunham, Westerlo, and Rensselaerville for the purpose of transacting business as an assessment co-operative fire insurance corporation in the counties of Greene and Albany in this State. Subsequently, the Company's territory was extended to include all the counties of New York State, excluding the counties of New York, Kings, Queens, Bronx and Richmond.

In 1969, the Department approved a change in the name of the Company to the Eastern Co-operative Insurance Company. Effective July 1, 1992, the Department approved a merger of Schoharie & Schenectady Mutual Insurance Association into Eastern Co-operative Insurance Association (surviving corporation). Concurrent with the merger, the Company's license was amended to indicate its new name, Eastern Mutual Insurance Company.

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 15 members. The board meets four times during each calendar year. At December 31, 2024, the board of directors comprised of the following seven members:

Name and Residence	Principal Business Affiliation
Matthew Albano New York	Risk Officer, New York State Teachers Retirement System
Valerie A. Davis New York	Retired – Vice President, Eastern Mutual Insurance Company
Leslie Hallenbeck New York	Vice President – Secretary, Eastern Mutual Insurance Company
Scott T. Jeffers New York	Retired – President – Vice President, Sauquoit Valley Insurance
Kent L. Johnson New York	President – Treasurer, Eastern Mutual Insurance Company
William R. Scrafford New York	Retired – President & Chairman of the Board, Eastern Mutual Insurance Company
Alan P. Zuk New York	Retired Transportation Officer BKW school

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

Name	Title
Kent L. Johnson*	President
Leslie A. Hallenbeck	Vice President/Secretary
Kent L. Johnson*	Treasurer

* Kent Johnson resigned as the President and Treasurer of the Company effective March 18, 2025. Mr. Johnson also resigned as board member of the Company effective July 2, 2025. Leslie Hallenbeck replaced Mr. Johnson as the President and Treasurer of the Company effective March 18, 2025. Jacqueline Rauf replaced Ms. Hallenbeck as the Vice President and Secretary of the Company effective March 18, 2025. Ms. Rauf also joined the Company's board effective March 18, 2025.

The review of the Company's Board of Directors and Committee's minutes during 2020-2024 indicated that there is a lack of documentation of the Board or Succession Planning Committee's annual review of key officers' succession plan.

As the industry's best practice, it is recommended that either the Board or the Succession Committee should review the Company's succession plan, and the approval should be documented in the Board of Directors or the Succession Planning Committee's meeting minutes at least annually.

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
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine

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 Company did not assume any premiums during the exam period. The following schedule shows the direct written premiums by the Company for the period under examination:

Calendar Year	Direct Premiums
2020	$ 8,177,467
2021	$ 8,279,739
2022	$ 8,483,194
2023	$ 8,859,529
2024	$ 9,198,599

The Company predominantly writes commercial multiple peril lines and homeowners' multiple peril lines of business, which accounted for 57% and 29%, respectively, of the 2024 direct premium written. The business is written through approximately 125 independent agents with a total of 180 agent offices in upstate New York.

C. Reinsurance Ceded

The Company has structured its ceded reinsurance program as follows:

Type of Treaty	Cession
Multiple Line Excess of Loss 100% Authorized/Certified (First Layer)	Property Business: $750,000 excess of $250,000 each loss, each risk; limit $2,250,000 each loss occurrence. Casualty Business: $800,000 excess of $200,000 each loss occurrence. Casualty and Property combined: In the event of a loss occurrence involving at least one property and one casualty policy: $200,000 excess of $250,000 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 $250,000 each occurrence.
Multiple Line Excess of Loss 100% Authorized/Certified (Second Layer)	
Property Business	$1,000,000 excess of $1,000,000 each loss, each risk; limit of $2,500,000 each loss occurrence.

Casualty Clash	$1,000,000 excess of $1,000,000 each loss occurrence. In addition, with respect to Workers' Compensation Insurance required by subsection (j) of Section 3420 of the New York Insurance Law, the Reinsurer shall be liable in respect of each loss occurrence for the ultimate net loss over and above an initial ultimate net loss of $2,000,000 each loss occurrence. The Reinsurer shall then reimburse the Company for the whole of such excess.
Property Catastrophe	100% of the ultimate net loss over and above an initial ultimate net loss of $750,000 each loss occurrence, subject to a limit of liability to the Reinsurer of $10,000,000 each loss occurrence. However, no claim shall be made under the contract unless the loss occurrence involves three or more risks.
Property Coded Per Risk Excess of Loss	$7,000,000 in excess of $2,000,000 for each loss occurrence.
Home System Protection 100% Authorized	100% cession not exceeding $50,000 for any one home system breakdown, any one policy.
Service Line 100% Authorized	100% cession not exceeding $10,000 for any one service line failure, any one policy.
Equipment Breakdown 100% Authorized	100% cession not exceeding $5,000,000 for any one accident and/or any one electronic circuitry impairment, any one policy.

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.

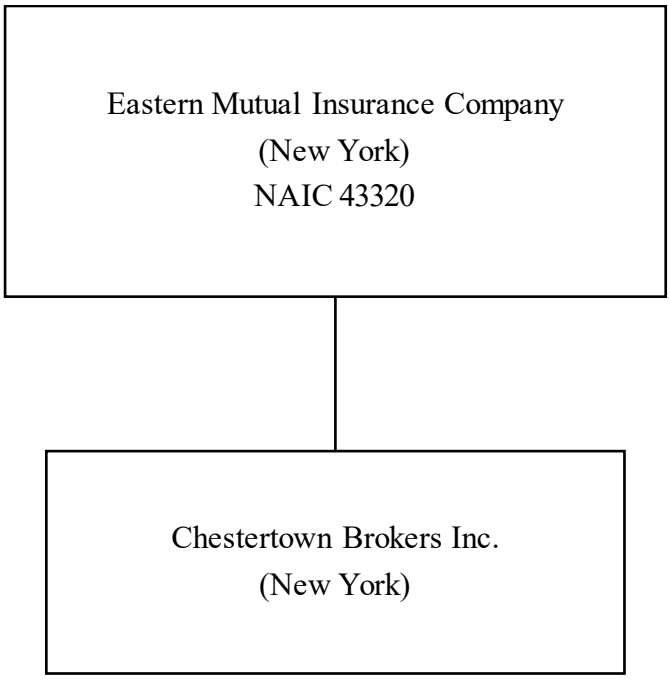
D. Affiliated Group

Chestertown Brokers, Inc.

In February 1982, the Department approved the organization of a wholly owned subsidiary called Chestertown Brokers, Inc. ("Chestertown"). The purpose of the subsidiary is to provide additional property and casualty outlets to agents of the Company for lines of business not written by the Company. In 1987, the board of directors of the Company appointed Chestertown as an agent of the Company.

Chestertown is located at the Company's home office. An agreement was entered into between the Company and Chestertown whereby the Company provides clerical and management services to Chestertown. The agreement was filed with this Department.

The following is a chart of the affiliated group at December 31, 2024:



The Company has Chestertown Brokers as its 100% owned subsidiary, however, the Company did not file an annual enterprise risk report with the Department during the examination period.

Section 1604 of New York Insurance Law states:

"(b)(1) An authorized domestic insurer, other than a domestic insurer required to register as a controlled insurer pursuant to section one thousand five hundred three of this chapter, shall adopt a formal enterprise risk management function and shall file an enterprise risk

report with the superintendent by April thirtieth of each year. The report shall, to the best of the insurer's knowledge and belief, identify the material risks within any subsidiary that could pose enterprise risk to the insurer."

It is recommended that the Company comply with Section 1604(b)(1) of New York Insurance Law and file its enterprise risk report with the Department. The updated enterprise risk report must be filed with the Department by April 30th of each year. During the course of the examination, the Company filed the enterprise risk report with the Department and has since complied with Section 1604(b)(1) of New York Insurance Law.

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	25%
Adjusted liabilities to liquid assets	23%
Two-year overall operating	77%

Underwriting Ratios

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

	Amounts	Ratio
Losses and loss adjustment expenses incurred	$15,408,983	48.76%
Other underwriting expenses incurred	13,368,091	42.30%
Net underwriting gain (loss)	2,823,812	8.94%
Premiums earned	$31,600,886	100.00%

The Company's reported risk-based capital ("RBC") score was 2,329% 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.

F. Accounts and Records

In 2024, the Company changed its CPA firm from RBT, LLP to Johnson Lauder and Savidge, LLP. However, the Company did not notify the Department of the name, address, telephone number and email address of its new CPA firm within 60 days of such change.

Section 89.4 of 11 NYCRR 89 (Department Regulation 118) states in part:

"(a) Every company that files an annual audited financial report shall inform the superintendent in writing of the name and address of the CPA retained to conduct the annual audit set forth in this Part. The company shall provide the name, address, telephone number and email address of its CPA to the superintendent by March 1, 2010, and updated information within 60 days of any change in CPA thereafter."

It is recommended that the Company notify the Department of any change in its CPA and provide updated information such as the name, address, telephone number and email address of the new CPA firm within 60 days of the change. The Company has remediated the issue since by filing the updated information of its new CPA firm.

A review of the Company's Audit and Investment Committee minutes indicated Fred Zeitler resigned from the Committee in 2021 and was replaced by Matthew Albano in the same year. However, the Company did not provide the Department with notice of such membership change and the reasons for the change.

Section 89.12 of 11 NYCRR 89 (Department Regulation 118) states in part:

"(e) The company shall give written notice 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."

It is recommended that the Company notify the Department within 30 days of any change in the membership of its Audit and Investment Committee and include the reason for such change. During the course of the examination, the Company has remediated the issue by filing the updated membership change to its Audit and Investment Committee.

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	$ 24,946,602	$ 0	$ 24,946,602
Common stocks	5,230,645	0	5,230,645
Properties occupied by the Company	477,718	0	477,718
Cash, cash equivalents and short-term investments	2,132,432	0	2,132,432
Investment income due and accrued	190,472	0	190,472
Uncollected premiums and agents' balances in the course of collection	27,681	50	27,631
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,513,458	2,748	1,510,710
Amounts recoverable from reinsurers	80,603	0	80,603
Electronic data processing equipment and software	48,233	48,233	0
Furniture and equipment, including health care deliver assets	945	945	0
Life insurance asset	598,415	0	598,415
Auto	20,767	20,767	0
Total assets	$ 35,267,971	$ 72,743	$ 35,195,228

Liabilities, Surplus and Other Funds

Liabilities		
Losses and loss adjustment expenses		$ 3,002,300
Commissions payable, contingent commissions and other similar charges		515,133
Other expenses (excluding taxes, licenses and fees)		141,595
Taxes, licenses and fees (excluding federal and foreign income taxes)		56,898
Net deferred tax liability		175,220
Unearned premiums		4,784,732
Advance premium		154,004
Ceded reinsurance premiums payable (net of ceding commissions)		14,331
Amounts withheld or retained by company for account of others		32,569
Remittances and items not allocated		996
Total liabilities		$ 8,877,778
Surplus and Other Funds		
Special Surplus Funds-assessment Cooperative	$ 100,000	
Unassigned funds (surplus)	26,217,447	
Surplus as regards policyholders		26,317,447
Total liabilities, surplus and other funds		$ 35,195,225

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 $6,129,825, as detailed below:

Underwriting Income		
Premiums earned		$31,600,886
Deductions:		
Losses and loss adjustment expenses incurred	$15,408,983	
Other underwriting expenses incurred	13,368,091	
Total underwriting deductions		28,777,074
Net underwriting gain or (loss)		$ 2,823,812
Investment Income		
Net investment income earned	$ 2,851,614	
Net realized capital gains	1,109,408	
Net investment gain or (loss)		3,961,022
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (39,583)	
Finance and service charges not included in premiums	464,797	
Life insurance asset	118,361	
Total other income or (loss)		543,575
Net income before federal and foreign income taxes		$ 7,328,409
Federal and foreign income taxes incurred		1,198,584
Net income		$ 6,129,825

C. Capital and Surplus

Surplus as regards policyholders increased $5,770,522 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			$20,546,925
	Gains in Surplus	Losses in Surplus	
Net income	$6,129,826		
Net unrealized capital gains or losses		$438,664	
Change in net deferred income tax	13,434	0	
Change in non-admitted assets	65,923	0	
Rounding	3	0	
Total gains and losses	$6,209,183	$438,664	
Net increase (decrease) in surplus			5,770,522
Surplus as regards policyholders, as reported by the Company as of December 31, 2024			$26,317,447

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $3,002,300 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 no comments or recommendations.

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Corporate Governance	
i.	As the industry's best practice, it is recommended that either the Board or the Succession Committee should review the Company's succession plan, and the approval should be documented in the Board of Directors or the Succession Planning Committee's meeting minutes at least annually.	4
B.	Affiliated Group	
i.	It is recommended that the Company comply with Section 1604(b)(1) of New York Insurance Law and file its enterprise risk report with the Department. The updated enterprise risk report must be filed with the Department by April 30th of each year. The Company has since complied with Section 1604(b)(1) of New York Insurance Law and filed the enterprise risk report with the Department.	8
C.	New York Regulation 118	
i.	It is recommended that the Company notify the Department of any change in its CPA and provide updated information such as the name, address, telephone number and email address of the new CPA firm within 60 days of the change. The Company has remediated the issue since by filing the updated information of its new CPA firm.	9
ii.	It is recommended that the Company notify the Department within 30 days of any change in the membership of its Audit and Investment Committee and include the reason for such change. During the course of the examination, the Company has remediated the issue by filing the updated membership change to its Audit and Investment Committee.	9

Respectfully submitted,

_____/S/_____
James Wang, CFE
Financial Services Examiner 4

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

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

_____/S/_____
James Wang

Subscribed and sworn to before me

this_____ day of_____, 2026.

APPOINTMENT NO. 32842

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:*

James Wang

as a proper person to examine the affairs of the

Eastern 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 11th day of September 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By:

Eileen Fox

Eileen Fox
Assistant Deputy Superintendent