Examination Warrant Number 14-04714-18104-R1

Report of Examination of

The Anthracite Mutual Fire Insurance Company
Millville, Pennsylvania

As of December 31, 2014

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Harrisburg, Pennsylvania
September 25, 2015

Honorable Joseph DiMemmo, CPA
Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Sir:

In accordance with instructions contained in Examination Warrant Number 14-04714-18104-R1 dated March 25, 2014, an examination was made of

The Anthracite Mutual Fire Insurance Company, NAIC Code: 18104

a Pennsylvania domiciled single-state property and casualty mutual insurance company, hereinafter referred to as "Company" or "AMFIC". The examination was conducted at the Company's home office, located at 215 State Street, Millville, Pennsylvania 17846.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Pennsylvania Insurance Department ("Department") has performed an examination of AMFIC, which was last examined as of December 31, 2009. This examination covered the five-year period from January 1, 2010 through December 31, 2014.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Pennsylvania Insurance Department and the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook* ("Handbook").

The Handbook requires that the Department plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, evaluate system controls and procedures used to mitigate those risks, and review subsequent events. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles.

The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, in accordance with 40 P.S. § 323.5(a), and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

For the years 2010 and 2011, the Certified Public Accounting ("CPA") firm of Buffamante, Whipple, Buttafaro, P.C. provided an unqualified audit opinion on the Company's year-end financial statements based on statutory accounting principles. For the years 2012, 2013 and 2014, the Company was exempt from filing an audited financial statement prepared by a certified public accountant by meeting the criteria outlined in 31 PA Code § 147.13(e).

The following companies were examined at the same time during the above examination:

Company	NAIC Code
Millville Mutual Insurance Company	17450
Millville Insurance Company of New York	10811

HISTORY

The Company was incorporated on or about January 12, 1892.

On April 9, 1945, the policyholders approved an amendment to the Charter, the purpose being to clarify the insurance coverages authorized to be underwritten by the Company.

On September 26, 1958 the Company merged with the Domestic Mutual Fire Insurance Company of Shamokin, Pennsylvania, with the Company being the surviving entity.

In 2004, the Company updated its Charter when the Department approved the authority for the Company to issue non-assessable policies.

The Company is currently authorized to transact those classes of insurance described in 40 P.S. § 382 (b)(1) Property and Allied Lines.

MANAGEMENT AND CONTROL

SURPLUS REQUIREMENTS

The Company's minimum surplus requirement to conduct the aforementioned business, pursuant to 40 P.S. § 386 is $100,000 in minimum surplus. The Company has met all governing surplus requirements throughout the examination period.

INSURANCE HOLDING COMPANY SYSTEM

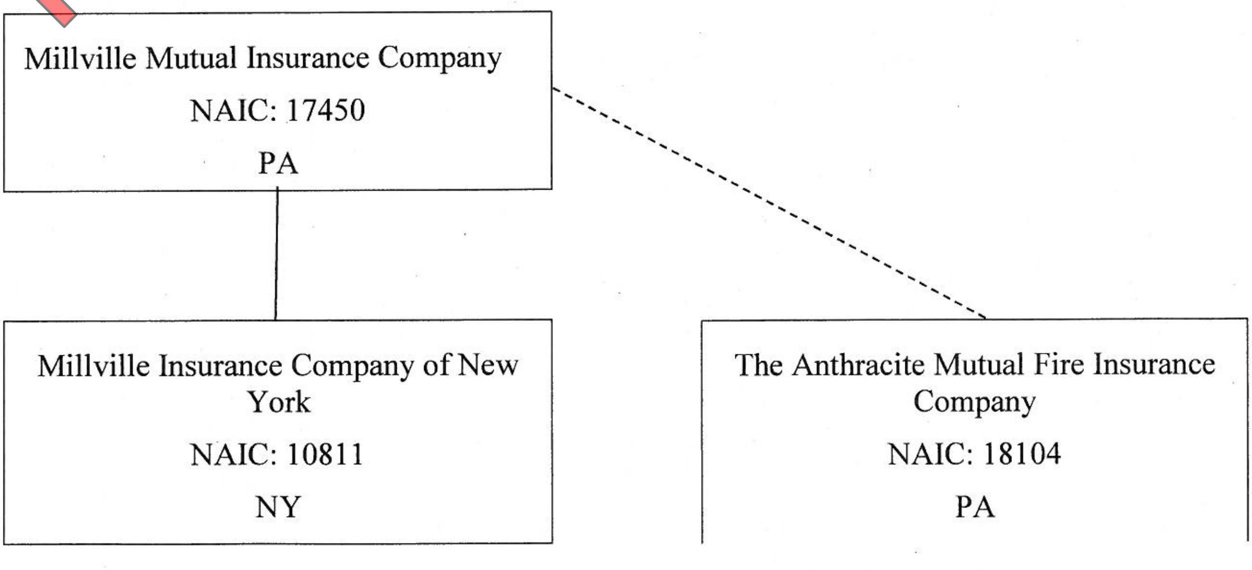
The Company is considered part of an insurance holding company system as defined in 40 P.S. § 991.1401, through its subsidiary status with its parent Millville Mutual Insurance Company ("MMIC"), which maintains indirect control of the Company through common officers and directors.

MMIC is named as the ultimate controlling person in the system. Members of the holding company system include the following entities briefly described below:

AMFIC is a Pennsylvania domiciled single-state property mutual insurance company writing business only in the Commonwealth of Pennsylvania ("Commonwealth"). Besides director-qualifying policies written directly, it strategically assumes all of the assessable and the majority of the inland marine business written by its controlling parent, MMIC, through an assumption agreement.

MMIC is a Pennsylvania domiciled single-state property and casualty mutual insurance company writing business only in the Commonwealth. It markets products through independent agencies, satisfying the insurance needs of homeowners, mobile homeowners, small farms, and small commercial business.

Millville Insurance Company of New York ("MICNY") is a New York domiciled single-state property and casualty insurance company writing business only in the state of New York. MMIC purchased Response Indemnity Company in September 2010, and changed the name to MICNY in December 2010. MMIC assumes 100.0% of MICNY's business through a quota share reinsurance contract.



Legend

———————	Controlled by MMIC via 100.0% stock ownership
- - - - - - - - - - - - - -	Controlled by MMIC via common officers and directors

BOARD OF DIRECTORS

Management of the Company is vested in its Board of Directors ("Board"), which was comprised of the following members as of the examination date, December 31, 2014:

Name and Address	Principal Occupation
William Berger Bloomsburg, PA	Project Manager Larson Design Group
Robert Beyer Bloomsburg, PA	CPA Self-employed
Lance Diehl Bloomsburg, PA	President CCFNB Bancorp, Inc.
Robert Dillon Bloomsburg, PA	Owner Dillon Floral Corporation
David Hartman Bloomsburg, PA	Agricultural Extension Agent Pennsylvania State University
David Heffner Williamsport, PA	Retired Chief Information Officer Lycoming College
Edwin Lease Catawissa, PA	Retired Tax Accountant
Patricia Porter Danville, PA	Certified Registered Nurse Practitioner Geisinger Medical Center
M. Paige Raski Millville, PA	President Millville Mutual Insurance Company, The Anthracite Mutual Fire Insurance Company & Millville Insurance Company of New York
Shaun Smith Lewisburg, PA	President/CEO Albright Care Services
Anne Steinbacher Williamsport, PA	Associate Broker Century 21 Betty Steinbacher

The by-laws of the Company state that the Board shall consist of not more than twelve members divided as nearly equal as possible into three classes not exceeding five members in each class, to be elected annually for a term of three years.

A conflict of interest disclosure is completed annually by each of the Company's officers and directors, which appears to adequately address any conflict of interest concerns. A review of the conflict of interest disclosures for the examination period did not identify any conflicts.

COMMITTEES

During each year of the period under examination, the Company's Board appointed directors and/or officers to serve on various committees. The committees were determined to be acting in accordance with the Company's by-laws. At December 31, 2014, the standing committees and the members serving were as follows:

COMMITTEE A (Finance)
Robert Dillon, Chair
William Berger
Robert Beyer
David Heffner
M. Paige Raski

COMMITTEE B (Personnel)
Anne Steinbacher, Chair
Robert Beyer
Lance Diehl
Patricia Porter
M. Paige Raski

COMMITTEE C (Claims)
David Hartman, Chair
Robert Beyer
Edwin Lease
M. Paige Raski
Shaun Smith

COMMITTEE D (Audit and Nominating)
Patricia Porter, Chair
William Berger
Robert Beyer
Lance Diehl
Robert Dillon
David Heffner
Anne Steinbacher

OFFICERS

As of the examination date, December 31, 2014, the following officers were appointed and serving in accordance with the Company's by-laws:

Name	Title
M. Paige Raski	President
Liesl Kreischer	Treasurer
Dennis Yonkin	Secretary

CORPORATE RECORDS

MINUTES

A compliance review of corporate minutes revealed the following:

- The Annual Meetings of the Company's policyholders were held in compliance with its by-laws.
- The policyholders elect directors at such meetings in compliance with the by-laws.
- The policyholders ratified the prior year's actions of the officers and directors.
- The Company's officers were appointed at the Annual Organizational Meeting of the Board of Directors.
- Quorums were present at all director and committee meetings.

- The Company's investment transactions were approved quarterly by the Board.
- All directors attended Board meetings regularly.
- The Company Board meeting's minutes indicated approval of the reinsurance contracts annually.

CHARTER

There were no changes to the Company's Charter during the period under examination.

BY-LAWS

There were no changes to the Company's by-laws during the period under examination.

SERVICE AND OPERATING AGREEMENTS

The Company entered into a service agreement with MMIC on January 1, 1986. The operations of both companies are conducted at the same offices in Millville, Pennsylvania. Under the agreement, MMIC will perform policy and claims administration as well as annual statement preparation. This agreement was amended effective January 1, 2007, changing the compensation to 5.0% of the Company's direct written premium with an annual minimum compensation of $3,500, payable within 60 days of the close of each calendar quarter.

This agreement met the fair and reasonable standards required by 40 P.S. § 991.1405 (a)(1)(i).

REINSURANCE

CEDED

The Company is a party to five reinsurance contracts along with its affiliate, MMIC. All contracts have an effective date of January 1, 2014. These contracts are with a pool of reinsurers each assuming a certain percentage of risk through the reinsurance intermediary, Guy Carpenter & Company, LLC ("Guy Carpenter"). The Company also has a separate property catastrophe excess of loss contract with Mutual Reinsurance Bureau ("MRB").

All reinsurers are licensed, qualified or certified in the Commonwealth. The Company's total ceded premium for 2014 is $23,759 with a net amount recoverable of $34,330 which is approximately 1.0% of surplus.

A brief synopsis of each contract the Company maintained with Guy Carpenter is noted below:

Property Per Risk Excess of Loss

Reinsurers: Allied World Insurance Company- 15.0%

	Arch Reinsurance Company- 45.0% Everest Reinsurance Company- 20.0% The TOA Reinsurance Company of America- 20.0%
Term:	1 Year
Coverage:	
First Excess:	100.0% of $450,000 in excess of $50,000 net loss, per risk. Annual Aggregate Deductible is $400,000.
Second Excess:	100.0% of $500,000 in excess of $500,000 net loss, per risk.
Occurrence Limit:	
First Excess:	$1,050,000 any one loss occurrence
Second Excess:	$1,500,000 any one loss occurrence

Casualty Excess of Loss

Reinsurers:	Allied World Insurance Company- 15.0% Arch Reinsurance Company- 45.0% Everest Reinsurance Company- 20.0% The TOA Reinsurance Company of America- 20.0%
Term:	1 Year
Coverage:	
First Excess:	100.0% of $850,000 in excess of $150,000 Annual Aggregate Deductible of $300,000
Basket Retention:	100.0% of $150,000 in excess of $150,000
Casualty Clash Excess:	100.0% of $1,000,000 in excess of $1,000,000

Aggregate Excess of Loss

Reinsurers:	Allied World Insurance Company- 15.0% Arch Reinsurance Company- 55.0% Everest Reinsurance Company- 20.0% The TOA Reinsurance Company of America- 10.0%
Term:	1 Year
Coverage:	100.0% of $4,000,000 in excess of net loss above 75.0% of subject net premiums

Catastrophe Excess of Loss

Reinsurers:	Allied World Insurance Company- 15.0% Arch Reinsurance Company- 55.0% Everest Reinsurance Company- 20.0% The TOA Reinsurance Company of America- 10.0%
Term:	1 Year
Coverage:	
First Cat Excess:	100.0% of $2,000,000 in excess of $500,000

Second Event:	100.0% of $2,200,000 in excess of $300,000
Second Cat Excess:	100.0% of $4,000,000 in excess of $2,500,000
Third Cat Excess:	100.0% of $3,000,000 in excess of $6,500,000
Occurrence Limit:	168 Hours – All Perils

Facultative Umbrella

Reinsurers:	Hannover Rück SE- 10.0% QBE Reinsurance Company- 5.0% Swiss Reinsurance America Company- 50.0% The TOA Reinsurance Company of America- 30.0% Transatlantic Reinsurance Company- 5.0%
Term:	1 Year
Coverage:	95.0% up to $1,000,000 of Ultimate Net Loss, each Loss Occurrence, Each Policy and 100.0% of the Ultimate Net Loss over the initial $1,000,000 up to $4,000,000 each Loss Occurrence, each Policy, Annual aggregate limit of $10,000,000 inclusive of Loss Adjustment Expense ("LAE") for all Acts of Terrorism.

A brief synopsis of the Property Catastrophe Excess of Loss contract with MRB is as follows:

Property Catastrophe Excess of Loss

Reinsurers:	MRB, with the following members participating in this treaty: • Church Mutual Insurance Company- 20.0% • Employers Mutual Casualty Company- 20.0% • Farm Bureau Mutual IC of Michigan- 20.0% • Kentucky Farm Bureau Mutual IC- 20.0% • Motorists Mutual Insurance Company- 20.0%
Intermediary:	None
Term:	1 Year
Coverage:	MRB will be liable in respect of each loss occurrence, for the ultimate net loss over and above an initial ultimate net loss of $9,500,000 each loss occurrence, subject to a limit of liability to MRB of $2,000,000 each loss occurrence and a Contract Year Limit of $4,000,000.

The Company's reinsurance intermediary, Guy Carpenter, is licensed by the Department as required by 40 P.S. § 321.2 (a) Reinsurance intermediaries; licensing. The Company's reinsurance program is operating pursuant to a properly executed written authorization between the Company and Guy Carpenter in accordance with 40 P.S. § 321.3.

All reinsurance contracts contain appropriate insolvency and arbitration clauses. Additionally, all contracts transfer risk.

ASSUMED

The Company entered into a quota share contract with MMIC. This contract has an effective date of July 1, 1986. The contract remains in effect until terminated.

The Company's retention and the reinsurance limits are as follows:

Company's Retention: The assuming company shall pay to the ceding company 100.0% of the ceding company's net loss each risk as respects to property business. In addition, the assuming company shall pay to the ceding company a proportionate share of adjustment expense.

Reinsurance Limits: None

Type of business covered: 100.0% of MMIC's direct assessable and inland marine property business.

This agreement contains the appropriate insolvency and arbitration clauses and transfers risk.

TERRITORY AND PLAN OF OPERATION

The Company is only licensed in the Commonwealth. Direct premiums in 2014 consisted entirely of directors' policies and amounted to $14 fire and $4 allied lines. The Company's 2014 assumed premiums consisted entirely of MMIC's assessable and inland marine policies and amounted to $66,911 fire, $16,249 allied lines, and $280,863 inland marine.

The Company does not solicit new policyholders as the bulk of the Company's premiums are assumed from MMIC. The President is the sole appointed agent for the Company.

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of Total
December 31, 2014				
Fire	$ 66,925	$ 2,246	$ 64,679	19.0%
Allied lines	16,253	3,180	13,073	3.8%
Inland marine	280,863	18,333	262,530	77.2%
Totals	$ 364,041	$ 23,759	$ 340,282	100.0%

SIGNIFICANT OPERATING RATIOS AND TRENDS

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

	Amount	Percentage
Premiums earned	$ 1,629,016	100.0 %
Losses incurred	$ 566,629	34.8 %
Loss expenses incurred	6,850	0.4 %
Other underwriting expenses incurred	651,180	40.0 %
Net underwriting gain or (loss)	404,357	24.8 %
Totals	$ 1,629,016	100.0 %

The Company reported the following net underwriting, investment, and other gains or losses during the period under examination:

	2014	2013	2012	2011	2010
Admitted assets	$ 3,668,237	$ 3,628,496	$ 3,326,759	$ 2,971,434	$ 2,909,712
Liabilities	$ 44,393	$ 59,510	$ 6,799	$ 6,173	$ 6,125
Surplus as regards policyholders	$ 3,623,844	$ 3,568,986	$ 3,319,960	$ 2,965,261	$ 2,903,587
Gross premium written	$ 364,041	$ 360,568	$ 348,857	$ 339,790	$ 331,275
Net premium written	$ 340,282	$ 335,078	$ 327,947	$ 318,702	$ 306,957
Underwriting gain/(loss)	$ (32,730)	$ 95,369	$ 173,732	$ 106,590	$ 61,396
Investment gain/(loss)	$ 53,367	$ 109,668	$ (4,251)	$ 201,137	$ 47,982
Other gain/(loss)	$ 2	$ 0	$ 0	$ 0	$ 0
Net income	$ 20,639	$ 205,038	$ 169,482	$ 307,726	$ 109,378

The underwriting loss experienced in 2014 was the result of a small number of large losses and the Company's low premium volume.

PENDING LITIGATION

As of December 31, 2014, the Company is subject to litigation arising in the normal course of business. As of the date of this examination report, September 25, 2015, the Company is not party to any material litigation or arbitration, other than as routinely encountered in claims activity, which will, in the opinion of management, have a material adverse effect on the Company's surplus.

FINANCIAL STATEMENTS

The financial condition of the Company as of December 31, 2014, and the results of its operations for the five-year period under examination, are reflected in the following statements:

Comparative Statement of Assets, Liabilities, Surplus and Other Funds;
Comparative Statement of Income;
Comparative Statement of Capital and Surplus; and
Comparative Statement of Cash Flow

The Anthracite Mutual Fire Insurance Company

Comparative Statement of Assets, Liabilities, Surplus and Other Funds
As of December 31,

	2014	2013	2012	2011	2010
Bonds	$ 2,903,503	$ 2,778,578	$ 2,532,566	$ 2,040,642	$ 2,157,677
Preferred stocks	25,364	22,500	25,150	24,010	24,150
Common stocks	566,359	522,900	409,520	621,089	602,784
Cash, cash equivalents, and short term investments	129,563	252,528	329,186	270,372	89,067
Subtotals, cash and invested assets	3,624,789	3,576,506	3,296,422	2,956,113	2,873,678
Investment income due and accrued	11,292	18,050	13,703	12,815	18,789
Premiums and agents' balances due	32,156	33,940	16,634	2,506	17,245
Total	$ 3,668,237	$ 3,628,496	$ 3,326,759	$ 2,971,434	$ 2,909,712
Losses	$ 43,700	$ 59,200	$ 6,500	$ 6,000	$ 5,100
Loss adjustment expenses	500	0	0	0	830
Commissions payable, contingent commissions and other similar charges	0	0	(23)	(29)	(11)
Other expenses	0	0	26	26	26
Taxes, licenses and fees	107	107	108	108	109
Unearned premiums	86	203	188	68	71
Total liabilities	44,393	59,510	6,799	6,173	6,125
Unassigned funds (surplus)	3,623,844	3,568,986	3,319,960	2,965,261	2,903,587
Surplus as regards policyholders	3,623,844	3,568,986	3,319,960	2,965,261	2,903,587
Totals	$ 3,668,237	$ 3,628,496	$ 3,326,759	$ 2,971,434	$ 2,909,712

Comparative Statement of Income
For the Year Ended December 31,

Underwriting Income	2014	2013	2012	2011	2010
Premiums earned	$ 340,399	$ 335,063	$ 327,827	$ 318,705	$ 307,022
Deductions:					
Losses incurred	230,853	108,894	25,253	86,110	115,519
Loss expenses incurred	1,692	302	87	1,586	3,183
Other underwriting expenses incurred	140,584	130,498	128,755	124,419	126,924
Total underwriting deductions	373,129	239,694	154,095	212,115	245,626
Net underwriting gain or (loss)	(32,730)	95,369	173,732	106,590	61,396
Investment Income					
Net investment income earned	53,053	55,557	108,828	179,281	56,335
Net realized capital gains or (losses)	314	54,111	(113,079)	21,856	(8,353)
Net investment gain or (loss)	53,367	109,668	(4,251)	201,137	47,982
Other Income					
Aggregate write-ins for miscellaneous income	2	0	0	0	0
Total other income	2	0	0	0	0
Net income before dividends to policyholders and before federal and foreign income taxes	20,639	205,038	169,482	307,726	109,378
Net income	$ 20,639	$ 205,038	$ 169,482	$ 307,726	$ 109,378

Comparative Statement of Capital and Surplus
For the Year Ended December 31,

	2014	2013	2012	2011	2010
Surplus as regards policyholders,					
December 31, previous year	$ 3,568,986	$ 3,319,960	$ 2,965,261	$ 2,903,587	$ 2,731,436
Net income	20,639	205,038	169,482	307,726	109,378
Net unrealized capital gains or (losses)	34,219	43,988	185,217	(246,052)	62,773
Change in surplus as regards policyholder for the year	54,858	249,026	354,699	61,674	172,151
Surplus as regards policyholders,					
December 31, current year	$ 3,623,844	$ 3,568,986	$ 3,319,960	$ 2,965,261	$ 2,903,587

Comparative Statement of Cash Flow
For the Year Ended December 31,

	2014	2013	2012	2011	2010
Cash from Operations					
Premiums collected net of reinsurance	$ 342,066	$ 317,772	$ 313,819	$ 333,441	$ 298,521
Net investment income	69,368	51,106	114,798	188,035	62,451
Miscellaneous income	2	0	0	0	0
Total income	411,436	368,878	428,617	521,476	360,972
Benefit and loss related payments	246,353	56,194	24,753	85,210	122,419
Commissions, expenses paid and aggregate write-ins for deductions	141,776	130,804	128,835	126,854	130,402
Total deductions	388,129	186,998	153,588	212,064	252,821
Net cash from operations	23,307	181,880	275,029	309,412	108,151
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	2,368,203	1,223,256	1,935,299	1,574,795	964,350
Stocks	248,253	167,295	474,699	267,043	85,802
Miscellaneous proceeds	0	1	0	0	0
Total investment proceeds	2,616,456	1,390,552	2,409,998	1,841,838	1,050,152
Cost of investments acquired (long-term only):					
Bonds	2,502,373	1,468,910	2,432,129	1,458,606	1,191,339
Stocks	260,352	180,181	194,081	511,344	73,646
Total investments acquired	2,762,725	1,649,091	2,626,210	1,969,950	1,264,985
Net cash from investments	(146,269)	(258,539)	(216,212)	(128,112)	(214,833)
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Other cash provided or (applied)	(3)	1	(3)	5	(9)
Net cash from financing and miscellaneous sources	(3)	1	(3)	5	(9)
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	(122,965)	(76,658)	58,814	181,305	(106,691)
Cash and short-term investments:					
Beginning of the year	252,528	329,186	270,372	89,067	195,758
End of the year	$ 129,563	$ 252,528	$ 329,186	$ 270,372	$ 89,067

SUMMARY OF EXAMINATION CHANGES

There were no examination changes to the preceding financial statements as filed with regulatory authorities over the review period.

NOTES TO FINANCIAL STATEMENTS

INVESTMENTS

As of December 31, 2014, the Company's invested assets were distributed as follows:

	Amount	Percentage
Bonds	$ 2,903,503	80.1 %
Preferred stocks	25,364	0.7 %
Common stocks	566,359	15.6 %
Cash	25,954	0.7 %
Short-term investments	103,609	2.9 %
Totals	$ 3,624,789	100.0 %

The Company's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	$ 3,007,112	100.0 %
Totals	$ 3,007,112	100.0 %

Years to Maturity	Amount	Percentage
1 year or less	$ 1,266,878	42.1 %
2 to 5 years	1,028,619	34.2 %
6 to 10 years	459,928	15.3 %
11 to 20 years	200,278	6.7 %
over 20 years	51,409	1.7 %
Totals	$ 3,007,112	100.0 %

At year-end 2014, approximately 80.1% of the Company's investments were in bonds. The allocation of the bond portfolio was as follows: special revenue 58.8%; government 19.9%; industrial and miscellaneous 11.0%; political subdivisions 6.7%; and states, territories and possessions 3.6%. The Company's bond portfolio consists of 100.0% investment grade bonds. Approximately 76.3% of the bond portfolio has maturity dates of less than five years.

The Company's stock holdings consist of a managed portfolio of mutual funds 14.6%, common stock 1.0%, preferred stock 0.7%, money market accounts 2.9% and cash 0.7%. The Company's stocks are concentrated mainly in well-known industrial and miscellaneous issues with a small portion of issues in equally well-known banks, trusts, and insurance companies.

The Company's investment portfolio during the examination period was held under a custodial agreement with US Bank. The custodial agreement and amendment, executed June 16, 2015, meets the standards required by 31 PA Code § 148a.3.

The Company has a written investment policy as required by 40 P.S. § 653 b(b). The investment policy is reviewed and approved on an annual basis by the Board of Directors. The Company, at December 31, 2014, was following its investment policy.

LIABILITIES

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The Company reported reserves in the amount of $43,700 for losses and $500 for loss adjustment expenses on the December 31, 2014, Annual Statement.

For each year during the examination period, the Company was exempt from the requirement to file an actuarial opinion on the adequacy of its loss reserves as provided in the NAIC *Annual Statement Instructions* – Property/Casualty. This exemption was granted annually in correspondence received from the Department.

Due to the small size of the Company, the examination staff limited its testing to a high-level review of the Company's loss and loss adjustment expense reserve estimates. Based on the information reviewed, the examination staff obtained sufficient evidence to determine that the Company's loss and loss adjustment expense reserve estimates at December 31, 2014 appear reasonable.

SUBSEQUENT EVENTS

No significant events were noted, subsequent to December 31, 2014, and through the date of this exam report, which would have a material adverse effect on the financial condition of the Company.

RECOMMENDATIONS

PRIOR EXAMINATION

The prior examination report contained no recommendations.

CURRENT EXAMINATION

There are no recommendations as a result of this examination.

CONCLUSION

As a result of this examination, the financial condition of AMFIC, as of December 31, 2014, was determined to be as follows:

	Amount	Percentage
Admitted assets	$ 3,668,237	100.0 %
Liabilities	$ 44,393	1.2 %
Surplus as regards policyholders	3,623,844	98.8 %
Total liabilities and surplus	$ 3,668,237	100.0 %

Since the previous examination made as of December 31, 2009, the Company's assets increased by $923,416, its liabilities increased by $31,008, and its surplus increased by $892,408.

This examination was conducted by Elizabeth Hagerty, Stephanie Ohnmacht, CFE, and Gerald Hickey, CFE, with the latter in charge.

Respectfully

Melissa Greiner
Acting Director
Bureau of Financial Examinations

-cdd

Shannon Hopkins, CFE
Examination Manager

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