

REPORT ON ORGANIZATION
OF THE
A. CENTRAL INSURANCE COMPANY
AS OF
MARCH 30, 2001

DATE OF REPORT

ARRIL 2, 2001

EXAMINER

JAINARINE TILAKDHARRY

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

April 2, 2001

Honorable Neil D. Levin
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to instructions contained in Appointment Number 21707 dated March 22, 2001, attached hereto, I have made an examination on organization of the A. Central Insurance Company and respectfully submit the following report thereon.

Whenever the terms "Company" or "ACIC" appear in this report, they refer to A. Central Insurance Company.

1. INCORPORATION

A. Central Insurance Company was incorporated on December 21, 2000. The declaration of intention and charter were approved by the Attorney General of the State of New York and filed with the Department on the same date. The Company's office is located at 1899 Central Plaza, Edmeston, New York 13335.

The members of the board of directors and the principal officers as of March 30, 2001 were as follows:

<u>Name and Residence</u>	<u>Principal Affiliation</u>
Edward Gozigian, Esq. Cooperstown, New York	Attorney, Gozigian, Washburn & Clinton
Edward S. Nelson, Esq. Norwich, New York	Attorney, Nelson & Flanagan
Benjamin C. Nesbitt West Oneonta, New York	Senior Vice President, Wilber National Bank
Albert Pylinski, Jr. Edmeston, New York	Executive Vice President/CFO/Treasurer, New York Central Mutual Fire Insurance Company
Robert W. Ranger West Winfield, New York	Private Investment Banker

Name and ResidencePrincipal Affiliation

D. Theodore. Robinson
Edmeston, New York

Vice Chairman,
New York Central Mutual Fire Insurance
Company

Douglas T. Robinson, II
East Amherst, New York

Marketing Representative,
New York Central Mutual Fire Insurance
Company

VanNess D. Robinson
Edmeston, New York

Chairman/CEO/Secretary,
New York Central Mutual Fire Insurance
Company

V. Daniel. Robinson, II
Edmeston, New York

President/Chief Operating Officer,
New York Central Mutual Fire Insurance
Company

Charles R. Schanz
Cooperstown, New York

President,
Ray-Mar Variety, Inc.
Charles R. Schanz, Inc.

H. William Smith, Jr.
Norwich, New York

President,
Smith Norwich, Inc.

William F. Streck, M.D.
Cooperstown, New York

Chief Executive Officer/President,
Bassett Healthcare

Howard C. Talbot, Jr.
Cooperstown, New York

Retired

OfficersNameTitle

VanNess D. Robinson
D. Theodore. Robinson
V. Daniel Robinson, II
Albert Pylinski, Jr.

Chairman, Chief Executive Officer, Secretary
Vice Chairman
President, Chief Operating Officer
Executive Vice President/Chief Financial Officer/Treasurer

2. SCOPE OF EXAMINATION

The examination comprised a verification of the sale of the Company's capital stock, the receipt of capital and surplus funds, and the determination of assets and liabilities. The records examined included the declaration of intention and charter, the by-laws, the corporate minute book, and the stock register. Additionally, an affidavit, appended hereto, was obtained from two officer of the Company indicating that the transactions noted in this report were bonafide.

3. CAPITALIZATION AND SUBSCRIPTION

A. Central Insurance Company is ultimately controlled by New York Central Mutual Fire Insurance Company, a New York domiciled co-operative property and casualty company. The Company has an authorized capital of \$3,000,000 consisting of 3,000 shares of \$1,000 par value per share common stock. On February 23, 2001, the Company issued 3,000 shares of common stock to NYCM Holdings, Inc. for a consideration of \$5,050,000, of which \$3,000,000 was paid-in capital and \$2,050,000 was gross paid-in and contributed surplus.

4. BALANCE SHEET

The following balance sheet sets forth the Company's financial condition as of March 30, 2001, as determined by this examination:

Assets

Bonds	\$ 552,063
Cash and Short-Term Investments	<u>4,511,920</u>
Total assets	<u>\$5,063,983</u>

Capital and Surplus

Common capital paid-in	\$ 3,000,000
Gross paid in and contributed surplus	2,050,000
Unassigned funds (surplus)	<u>13,983</u>
Surplus as regards policyholders	<u>\$ 5,063,983</u>
Total capital and surplus	<u>\$ 5,063,983</u>

In order to fulfill the deposit requirements of Section 4104 of the New York Insurance Law, the Company has placed eligible securities with a par value totaling \$550,000 in an account in the name of the Superintendent of Insurance at Fleet National Bank, 1 East Avenue, Rochester, New York 14638. The remainder of the Company's assets are held in an investment account at Central National Bank of Canajoharie, 1 West Street, Edmeston, NY 13335.

5. AUTHORIZED POWERS AND MINIMUM CAPITAL REQUIRED

The Company is authorized by its Declaration of Intent and Charter to transact the kinds of insurance as described in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

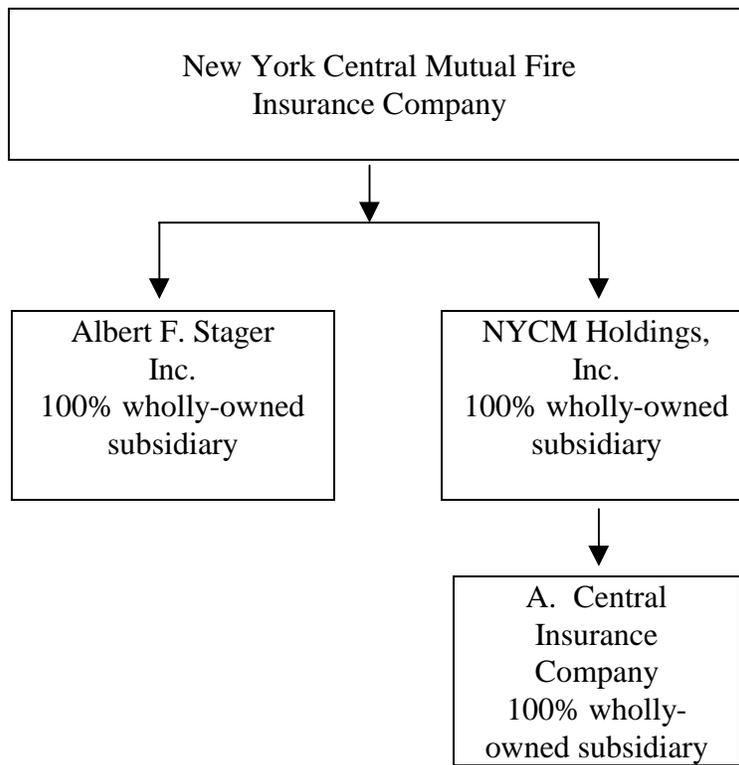
<u>Paragraph</u>	<u>Line of Insurance</u>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
9	Elevator
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft
20	Marine and inland marine

Section 4103(a) of the New York Insurance Law provides that, in order to be licensed to transact the foregoing kinds of insurance, the Company shall have an initial surplus to policyholders of \$5,050,000, including \$1,000,000 of capital, and shall thereafter maintain a minimum surplus to policyholders of \$3,200,000. The Company has met this requirement.

6. HOLDING COMPANY

A. Central Insurance Company is ultimately controlled by New York Central Mutual Fire Insurance Company, a New York domiciled co-operative property and Casualty company.

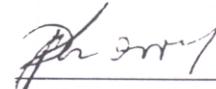
The following shows the Company's organizational chart at March 30, 2001:



7. CONCLUSION

Based on the foregoing examination, it is concluded that the Company sold 3,000 shares of common stock with a par value of \$1000 per share, representing the total authorized and issued stock, for consideration of \$5,050,000 of which \$3,000,000 represents capital paid-in and \$2,050,000 represents gross paid-in and contributed surplus.

Respectfully submitted.



Jainarine Tilakdharry
Senior Insurance Examiner

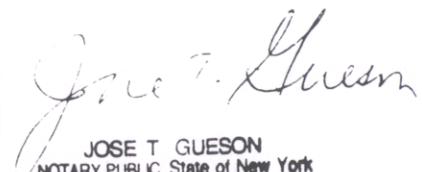
STATE OF NEW YORK)
)SS.
)
COUNTY OF NEW YORK)

Jainarine Tilakdharry, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.



Jainarine Tilakdharry

Subscribed and sworn to before me
this 12 day of April 2001.



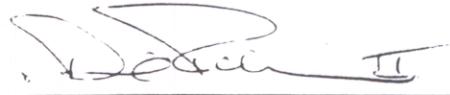
JOSE T. GUESON
NOTARY PUBLIC, State of New York
No. 01GU4951406
Qualified in Queens County
Commission Expires May 22, 2001

AFFIDAVIT OF CAPITAL AND SURPLUS

V. Daniel Robinson, II, President and Chief Operating Officer and Albert Pylinski, Jr., Executive Vice President, Chief Financial Officer and Treasurer of A. Central Insurance Company (the "Company"), duly sworn deposes and says under oath that, on the date of the organizational examination of the Company:

- (1) They are the above described officers of the Company.
- (2) The Company's capital and surplus equals Five Million, Sixty-Three Thousand Nine Hundred Eighty-Two Dollars and Fifty-Two Cents (\$5,063,982.52), consisting of Four Million Five Hundred Eleven Thousand Nine Hundred Twenty Dollars and Two Cents (\$4,511,920.02) in cash on deposit with Central National Bank of Canajoharie and a United States Treasury Note with a book value of Five Hundred Fifty-Two Thousand Sixty-Two Dollars and Fifty Cents (\$552,062.50) held in a custodial account with Fleet National Bank. Such amount constitutes the common stock paid in capital (the "Capital and Surplus") of the Company.
- (3) No part of the Capital and Surplus has been withdrawn, pledged, or in any way impaired.
- (4) No part of the Capital and Surplus is to be invested or otherwise legitimately used or appropriated except for the sole and exclusive use and benefit of the Company.
- (5) There is no agreement or understanding, express or implied, made or existing between the Company and its officers, or any or either of them, or any other person or persons, to the effect or import that the money paid in by any stockholder shall be loaned or returned to it.
- (6) Neither the Company nor any of its officers is in any way, manner or form pledged or committed to make any investment, loan or disposition of the Capital and Surplus, or any part or portion thereof, which is not in strict conformity in all respect with the provisions of the Insurance Law of the State of New York.
- (7) The Capital and Surplus is the property of the Company and is possessed by the Company in its corporate name and capacity for the benefit of its policyholders.

STATE OF NEW YORK)
) SS:
COUNTY OF OTSEGO)

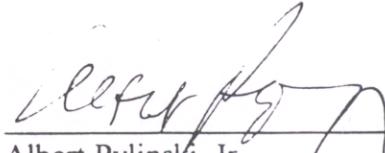


V. Daniel Robinson, II
President and Chief Operating
Officer

Subscribed and sworn to
Before me this 2nd day of
April, 2001.

Kimberly L. Hubbard
Notary Public, State of New York

²⁰⁰²
STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)



Albert Pylinski, Jr.
Executive Vice President, Chief
Financial Officer and Treasurer

Subscribed and sworn to
Before me this 30th day of
March, 2001.

Magda Alvarez Sanchez
Notary Public, State of New York

MAGDA ALVAREZ-SANCHEZ
Notary Public, State of New York
No. 01AL5019306
Qualified in Putnam County
Commission Expires October 18, 2002

Appointment No. 21707

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, GREGORY V. SERIO, *First Deputy Superintendent of Insurance of the State of New York*, pursuant to the provisions of the Insurance Law, do hereby appoint:

Jainarine Tilakdharry

as proper person to examine into the affairs of the

A. CENTRAL INSURANCE COMPANY

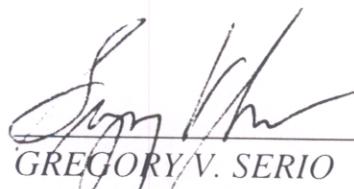
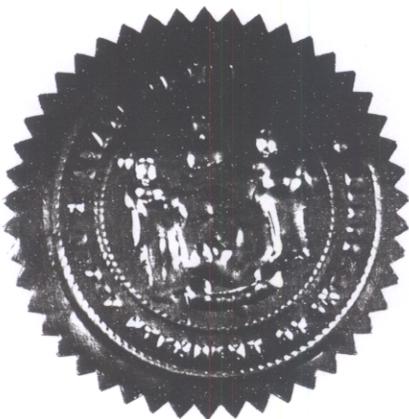
and to make a report to me in writing of the condition of the said

Company

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by the name and affixed the official Seal of this Department, at the City of New York,

this 22nd day of March, 2001

A handwritten signature in black ink, appearing to read "Gregory V. Serio", written over a horizontal line.

GREGORY V. SERIO
First Deputy Superintendent of Insurance