Government of the District of Columbia
Department of Insurance, Securities and Banking

Gennet Purcell
Commissioner

BEFORE THE INSURANCE COMMISSIONER OF THE DISTRICT OF COLUMBIA

Re: Report on Examination – **Amalgamated Casualty Insurance Company** as of December 31, 2008

ORDER

Pursuant to Examination Warrant 2010-4, an Examination of **Amalgamated Casualty Insurance Company** as of December 31, 2008 has been conducted by the District of Columbia Department of Insurance, Securities and Banking ("the Department").

It is hereby ordered on this 29th day of June, 2010, that the attached financial condition examination report be adopted and filed as an official record of this Department.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, this Order is considered a final administrative decision and may be appealed pursuant to Section 31-4332 of the D.C. Official Code.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the Department will continue to hold the content of the report as private and confidential information for a period of 10 days from the date of this Order.

Gennet Purcell
Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

Government of the District of Columbia
Department of Insurance, Securities and Banking

REPORT ON EXAMINATION

AMALGAMATED CASUALTY INSURANCE COMPANY

AS OF

DECEMBER 31, 2008

NAIC COMPANY CODE 13293

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Washington, D.C.
May 3, 2010

Honorable Gennet Purcell
Commissioner
Department of Insurance, Securities and Banking
Government of the District of Columbia
810 First Street, NE, Suite 701
Washington, D.C. 20002

Dear Commissioner:

In accordance with Section 31-1402 of the District of Columbia Official Code, we have examined the financial condition and activities of

Amalgamated Casualty Insurance Company

(Hereinafter called the Company) at its home office located at 500 Morse Street NE, Washington DC 20002-7012 and the following Report on Examination is submitted.

SCOPE OF EXAMINATION

This examination, covering the period from January 1, 2004 to December 31, 2008, including any material transactions and/or events noted occurring subsequent to December 31, 2008, was conducted under the association plan of the National Association of Insurance Commissioners ("NAIC") by examiners of the District of Columbia Department of Insurance, Securities and Banking (the "Department").

The last examination of the Company was a full scope examination, covering the period from January 1, 2001 to December 31, 2003.

Our examination was conducted in accordance with examination policies and standards established by the District of Columbia Department of Insurance, Securities and Banking and procedures recommended by the NAIC's *Financial Condition Examiners Handbook* and, accordingly, included such tests of the accounting records and such other procedures as we considered necessary in the circumstances. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify 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.

Our examination included a review of the Company's business policies and practices, management and corporate matters, a verification and evaluation of assets and a determination of the existence of liabilities. In addition, our examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting our examination, we gave consideration to the concepts of materiality and risk, and our examination efforts were directed accordingly.

The Company was audited annually by an independent public accounting firm. The firm expressed unqualified opinions on the Company's financial statements for calendar years 2004 through 2008. We placed substantial reliance on the audited financial statements for calendar years 2004 through 2007, and consequently performed only minimal testing for that period. We concentrated our examination efforts on the year ended December 31, 2008. We reviewed the working papers prepared by the independent public accounting firm related to the audit for the year ended December 31, 2008, and directed our efforts to the extent practical to those areas not covered by the firm's audit.

STATUS OF PRIOR EXAMINATION FINDINGS

Our examination included a review to determine the current status of the six recommendations made in our preceding Report on Examination, which covered the period from January 1, 2001 to December 31, 2003.

Each of the six recommendations made in our prior Report on Examination were adequately addressed by the Company.

HISTORY

General:

Amalgamated Casualty Insurance Company was incorporated as a mutual insurance company with no capital stock on August 2, 1938, in the District of Columbia, as per Act of Congress, Public Law Number 162, of the 67th Congress. The purpose of the Company, as per the Certificate of Incorporation is to "write any and all insurance and reinsurance on property and rents and use and occupancy against loss or damage." The Company primarily writes liability insurance on its member taxi cab drivers in the District of Columbia and Maryland. The period of existence of the Company is perpetual.

Until 1996, the Company was licensed in the States of Virginia and Maryland and the District of Columbia. As a result of a Board of Trustees' resolution, the Company did not renew its license in Virginia as of 1996.

The Company's Articles of Incorporation and Bylaws provide that the responsibility for the control and management of the affairs, property and interests of the Company is vested in its Board of Trustees composed of not less than three (3) members who shall be elected annually by the policyholders. The Bylaws provide that the officers of the Company shall consist of a President, a Secretary, a Treasurer, and such other officers, and Vice Presidents, as the Board of Trustees may from time to time deem advisable. The Board of Trustees shall elect the officers of the Company at the regular annual meeting of the Trustees following the annual meeting of policyholders.

Capital Stock:

The Company is a mutual insurance company; consequently there is no capital stock.

Dividends to Policyholders:

The Company did not declare or pay any dividends to policyholders during the period under examination.

Management:

Board of Trustees (Directors)

As provided in the Certificate of Incorporation and the by-laws, the property, business, and affairs of the Company, except as otherwise provided by the Certificate of Incorporation, shall be managed by a Board of Trustees, comprised of three (3) persons. The trustees are divided into three (3) classes, each, consisting of one member of the board of trustees. The trustee of the first class shall be elected for a term of three (3) years; the trustee of the second class shall be elected for a term of two (2) years; and the trustee of the third class shall be elected for a term of one (1) year. At each annual meeting, the successor to the class of trustee whose term shall expire that year shall be elected to hold office for a three (3) year term. The number of trustees may be changed from time to time by a vote of the majority of the entire board, but should never be less than three.

At year-end 2008, the following persons were serving as trustees:

Fred Lewis Brewer	President of Amalgamated Casualty Insurance Company
Mark Alan Gilder	Secretary of Amalgamated Casualty Insurance Company
Carisa Dawn Stanley	Banking Manager

The composition of the Board of Trustees (Directors) at December 31, 2008 was not in compliance with District of Columbia Official Code Section 31-706(c)(3), which requires that not less than 1/3 of the directors of the Company be persons who are not officers or employees of the Company, or of any entity controlling, controlled by, or under common control with the Company (i.e., the directors must be "independent"). For further discussion see the Comments and Recommendations section of this report under the caption "Lack of Independent Directors."

Officers

The by-laws provide that the officers of the Company shall consist of a Chairman of the Board, a President, one or more Vice-Presidents, a Secretary and a Treasurer. The officers shall be elected by the Board of Trustees and shall be elected for one year and serve until his/her successor is duly elected and qualified or the officer is removed. Any two of the said offices may, at the discretion of the Board, be held by the same person.

The following officers have been appointed by the Board of Trustees and were serving at December 31, 2008:

Name	Title
Fred Lewis Brewer	Chairman and President
Mark Alan Gilder	Vice President and Secretary
Jacqueline Leach Plenty	Treasurer

Committees:

As of December 31, 2008 the Company was not in compliance with District of Columbia Official Code Section 31-706(c)(4), which requires that the board establish one or more committees comprised of individuals who are not officers or employees of the Company, or of any entity controlling, controlled by or under common control with the Company. This committee or committees shall have responsibility for recommending the selection of independent certified public accountants, reviewing the Company's financial condition, nominating candidates for director, evaluating the performance of officers of the Company, and recommending to the board the selection and compensation of principal officers. Specifically, the Company did not have such a committee or committees.

The Company did have a finance Committee for investments, however, the committee did not keep the required minutes.

For further discussion see the "Comments and Recommendations" section of this report under the caption "Lack of Independent Committees of the Board of Directors."

Conflicts of Interest:

Directors and officers of the Company regularly respond to conflict of interest questionnaires. Our review of the responses to the questionnaires completed for 2008 disclosed one conflict that would affect the Company.

Proxies

The Company's mutual policyholders are asked to sign a perpetual proxy, allowing ARM, Inc., Fred Brewer, or Mark Gilder to vote their interest at the annual meeting of policyholders where the Board of Trustees is elected. The Company should separately communicate with policyholders, prior to policy issuance and on renewal, the details of their rights as mutual insurance policyholders. For further discussion see the "Comments and Recommendations" section of this report under the caption "Proxies."

Corporate Records:

We reviewed the minutes of the meetings of the stockholders and board of directors for the period under examination. Based on our review, it appeared that the minutes documented the Company's significant transactions and events, and that the directors approved those transactions and events. However, approval of the investment decisions and approval by the finance committee were absent.

AFFILIATED COMPANIES

The Company is a mutual company with business produced by an agency, American Risk Management (ARM), that is owned by the President of the Company, thus creating an 'affiliate' relationship. The statutory definition of an affiliate is "a person that directly, or indirectly through 1 or more intermediaries, controls, or is controlled by, or is under common control..." ARM also meets the statutory definition of a 'producer controlled insurer' as ARM "directly controls" the Company. The Company has not properly reported its relationship with ARM in accordance with the Holding Company System statutes and the Producer Controlled Insurer statutes.

For further discussion see the "Comments and Recommendations" section of this report under the caption "Holding Company System" and "Producer Controlled Insurer".

INTERCOMPANY AGREEMENTS

As of December 31, 2008, the Company was a party to the following significant intercompany agreements:

Cost Sharing Agreement

The Company rents space to its affiliate, ARM, at the rate of 10% of expenses. However there is no definitive provision for rent included in the terms of the lease. The Company typically renews the cost sharing contract every two years.

For further discussion see the "Comments and Recommendations" section of this report under the caption "Cost Sharing Agreement".

Tax Sharing Agreement:

The Company does not file a combined tax return with its affiliate and therefore, there are no tax sharing agreements between the Company and the Affiliate.

FIDELITY BOND AND OTHER INSURANCE

At December 31, 2008, the Company had fidelity bond coverage of $225,000 with a deductible of $5,000. The fidelity bond complies with the minimum coverage required by District of Columbia Municipal Regulation (DCMR) 26-803.1 but did not meet the minimum coverage recommended by the NAIC.

The Company subsequently increased the bond coverage to $300,000 during the examination, which brought the Company into compliance with the NAICs' recommended minimum.

The Company appears to have adequate insurance coverage for property, building, contents, workman's compensation and liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company sponsored a non-contributory defined benefit pension plan covering substantially all of its employees, the assets and liabilities for which are held in a trust outside of the Company. The Company froze the annual accrual of future benefits under the Amalgamated Casualty Company Defined Benefit Pension Plan as of June 20, 2006. No additional Plan benefits have been credited to the Plan participants since that date. In short, this is a closed block of life contingent annuities, some of which are in payout status. The benefits are based on years of service and the employee's compensation. The annual normal retirement benefit (payable monthly) for a retiring participant is 2.5% of final average compensation times years of credited service, up to a maximum of 35 years. Benefits commence at age 65, but may be deferred beyond that age. An independent actuary from the firm of INS Consultants, Inc. was contracted for this examination to review the accumulated benefit obligation for vested employees and partially vested employees to the extent vested in the amount of $3,743,031 as presented in the 'Notes to Financial Statement No. 12' of the December 31, 2008 financial statement filing. Based on INS' analysis, the accumulated benefit obligation appears adequate.

STATUTORY DEPOSITS

The District of Columbia Department of Insurance, Securities and Banking does not require the Company to maintain a statutory deposit.

The Company has a statutory deposit with the Department of Insurance in the state of Maryland. The deposit is a US Treasury note with a par value of $100,000 and a fair market value of $133,898 as of December 31, 2008.

TERRITORY AND PLAN OF OPERATION

The Company is one of five regulated entities writing taxicab liability insurance business in the District of Columbia.

Business is marketed only in the state of Maryland and the District of Columbia. The Company writes automobile personal injury and property damage coverage on taxicabs licensed in the District of Columbia. The minimum limits of coverage for Maryland and the District of Columbia are $10,000 each accident for property damage and $25,000 each person and $50,000 each accident for personal injury. The Company also offers the optional hire prescribed dollar limits required by DCMR 26-801.4(b).

Business is produced through an affiliate, ARM. Under an agency agreement, ARM is paid a commission as the Company's policy writing agent. The president of the Company owns ARM.

INSURANCE PRODUCTS AND RELATED PRACTICES

The District of Columbia's Market Conduct Branch performed an examination of the Company's business practices for the year 2001. To date, that examination report is not a public document. A market conduct examination would include detailed reviews of the

Company's sales and advertising, agent licensing, underwriting, and rating, claims processing and complaint handling practices and procedures.

The scope of our examination did not include market conduct procedures, including, but not limited to, market conduct procedures in the following areas:

- Policy Forms
- Fair Underwriting Practices
- Advertising and Sales Materials
- Treatment of Policyholders:
    - Claims Processing (Timeliness)
    - Complaints

REINSURANCE

As of December 31, 2008, the Company had no ceded or assumed reinsurance business.

ACCOUNTS AND RECORDS

The Company's general accounting records consisted of an automated general ledger and various subsidiary ledgers (e.g., cash receipts, cash disbursements). Our review did not disclose any significant deficiencies in these records.

In addition, our examination disclosed that minutes of Directors did not include the reporting and approval of investments made by the investment committee. This is discussed further in the "Comments and Recommendations" section of this Report, under the caption "Minutes of the Directors."

FINANCIAL STATEMENTS

The following financial statements reflect the financial condition of the Company as of December 31, 2008, as determined by this examination:

The accompanying "Note to Financial Statements" is an integral part of these financial statements.

BALANCE SHEET

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets	Examination Adjustment Increase (Decrease)	Net Admitted Assets Per Examination
Bonds	$36,221,006	$ 0	$36,221,006	$ 0	$36,221,006
Common stocks	137,975		137,975		137,975
Real estate	910,165		910,165		910,165
Cash ($95,730), cash equivalents ($0) and short term investments ($482,873)	578,603		578,603		578,603
Subtotals, cash and invested assets	$ 37,847,749	$ 0	$ 37,847,749	$ 0	$ 37,847,749
Investment income due and accrued	582,032		582,032		582,032
Uncollected premiums and agents' balances in course of collection	254,818		254,818		254,818
Deferred premiums and agents balances and installments booked but deferred and not yet due	30,712		30,712		30,712
Net deferred tax asset	195,341	195,342	0		0
Furniture and Equipment	52,834	52,834	0		0
Aggregate write-ins for other than invested assets	62,326	33,141	29,184		29,184
Totals	$ 39,025,812	$ 281,317	$ 38,744,494	$ 0	$ 38,744,494

Amalgamated Casualty Insurance Company
Report on Examination
December 31, 2008

LIABILITIES, SURPLUS AND OTHER FUNDS

	Amounts per Annual Statement	**Examination Adjustments**	**Amounts per Examination**
Losses **(NOTE)**	$ 6,467,310	$	$ 6,467,310
Loss adjustment expenses **(NOTE)**	1,002,433		1,002,433
Other expenses (excluding taxes, licenses and fees)	31,457		31,457
Taxes, licenses and fees (excluding federal and foreign income taxes)	25,718		25,718
Current Federal income tax	6,861		6,861
Unearned premiums	118,222		118,222
Advance Premiums	13,150		13,150
Aggregate write-ins for liabilities	24,808		24,808
Total liabilities	$ 7,689,959	$ 0	$ 7,689,959
Unassigned funds (surplus)	31,054,536		31,054,536
Surplus as regards policyholders	$ 31,054,536	0	$ 31,054,536
Total liabilities and surplus	$ 38,744,494	$ 0	$ 38,744,494

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STATEMENT OF INCOME

Underwriting Income:		
Premiums earned		$ 3,994,269
Underwriting deductions:		
Losses incurred	$ 1,810,578	
Loss expenses incurred	998,425	
Other underwriting expenses incurred	1,180,718	
Total underwriting deductions		$ 3,989,721
Net underwriting gain		$ 4,548
Investment Income:		
Net investment income earned	$ 1,699,333	
Net realized capital gains	33,903	
Net investment gain		$ 1,733,236
Net income after dividends to policyholders and before federal and foreign income taxes		$ 1,737,784
Federal and foreign income taxes incurred		84,085
Net income		$ 1,653,700

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2003	$	23,391,757
Net income, 2004	$	1,477,596
Change in net unrealized capital gains or (losses)		87,899
Change in net deferred income tax		(33,592)
Change in nonadmitted assets		42,502
Net change in surplus as regards policyholders, 2004		1,574,404
Surplus as regards policyholders, December 31, 2004	$	24,966,161
Net income, 2005		1,493,934
Change in net unrealized capital gains or (losses)		(4,873)
Change in net deferred income tax		(21,012)
Change in nonadmitted assets		(3,843)
Net change in surplus as regards policyholders, 2005		1,464,206
Surplus as regards policyholders, December 31, 2005	$	26,430,366
Net income, 2006	$	1,640,263
Change in net unrealized capital gains or (losses)		(86,715)
Change in net deferred income tax		(18,030)
Change in nonadmitted assets		25,839
Net change in surplus as regards policyholders, 2006		1,561,357
Surplus as regards policyholders, December 31, 2006	$	27,991,723
Net income, 2007	$	1,567,672
Change in net unrealized capital gains or (losses)		(60,157)
Change in net deferred income tax		(15,986)
Change in nonadmitted assets		26,156
Net change in surplus as regards policyholders, 2007		1,517,686
Surplus as regards policyholders, December 31, 2007	$	29,509,410
Net income, 2008	$	1,653,700
Change in net unrealized capital gains or (losses)		(92,575)
Change in nonadmitted assets		3,161
Change in net deferred income tax		(19,159)
Net change in surplus as regards policyholders, 2008		1,545,126
Surplus as regards policyholders, December 31, 2008	$	31,054,536

ANALYSIS OF EXAMINATION CHANGES TO SURPLUS

Surplus as regards policyholders per Annual Statement, December 31, 2008	$31,054,536
Change in unassigned funds	0
Surplus as regards policyholders per examination, December 31, 2008	$31,054,536

COMPARATIVE FINANCIAL POSITION OF THE COMPANY

The comparative financial position of the Company for the five-year period ended December 31, 2008, is as follows:

	2008	2007	2006	2005	2004
Assets	$38,744,494	$37,966,406	$36,787,450	$35,294,802	$34,212,917
Liabilities	7,689,959	8,456,996	8,795,727	8,864,436	9,246,757
Policyholders surplus	31,054,536	29,509,410	27,991,723	26,430,366	24,966,161
Premiums earned	1,040,146	1,118,436	1,543,547	1,549,676	1,128,761
Net underwriting gain (loss)	4,548	3,030	75,593	81,301	105,947
Net investment gain (loss)	1,733,236	1,636,154	1,711,953	1,510,837	1,444,573
Net income (loss)	1,653,700	1,567,672	1,640,263	1,493,934	1,477,595

Note: Amounts for the years ended December 31, 2004 through 2007 were taken from the Company’s Annual Statements as filed with the Department. Amounts for the year ended December 31, 2008 are amounts per examination.

NOTE TO FINANCIAL STATEMENTS

Losses and Loss Adjustment Expenses:

The Company reported "Losses" and "Loss adjustment expenses" reserves totaling $6,467,310 and $1,002,433 respectively. These reserves represent management's best estimate of the amounts necessary to pay all claims and related expenses incurred but still unpaid as of December 31, 2008.

The methodologies utilized by the Company to compute reserves, and the adequacy of the loss and loss adjustment expense reserves as of December 31, 2008, were reviewed as part of our examination. As part of our review, we relied on the Company's independent actuary, who concluded that the methodologies and reserves appeared to be sufficient. In addition, the methodologies utilized by the Company to compute these reserves, and the adequacy of the loss reserves and loss adjustment expense reserves were reviewed by an independent actuary engaged as part of our examination. This independent actuary engaged as part of our examination also concluded that the methodologies and reserves appeared to be sufficient.

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COMMENTS AND RECOMMENDATIONS

Holding Company System:

The Examination determined that the Company is part of a holding company system along with its affiliated insurance agency, American Risk Management Inc. The President of the Company owns the insurance agency that supplies the premium income to the Company. In addition, he is one of the individuals controlling the voting proxies to the election of trustees to the Company thus controlling the direction of management and policies of the Company. The proxies are endorsed by the policyholders at the time the policies are issued by the Company. District of Columbia Official Code 31-701 states "Control", including the terms "controlling", "controlled by", and "under common control with", means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person.

It is recommended that the Company adhere to the provisions of the District of Columbia Official Code regarding holding companies which include, but are not limited to: the filing of an annual registration statement that complies with the requirements of District of Columbia Code 31-705; the required standards and management of an insurer within a holding company system as detailed in District of Columbia Code 31-706. In accordance with Code 31-706, transaction among affiliates within a holding company system must meet a 'fair and reasonable' standard. Other requirements of this statute include prior approval by the Department with a notice from the Company of at least 30 days for the following transactions:

A. Material sales, purchases, exchanges, loans, or extensions of credit, guarantees, or investments;

B. Material loans or extensions of credit to any person who is not an affiliate where the insurer makes the loans or extensions of credit with the agreement or understanding that the proceeds of the transactions, in whole or in substantial part, are to be used to make loans or extensions of credit to, to purchase assets of, or to make investments in, any affiliate of the insurer making the loans or extensions of credit;

C. Material reinsurance agreements or modifications;

D. All management agreements, service contracts, and all cost-sharing arrangements;

E. Any material transactions, specified by regulation which may adversely affect the interests of the insurer's policyholders.

Producer Controlled Insurer

The Examination finds that the Company is a producer controlled insurance company. Chapter 4 of Title 31 deals with Business Transacted with Producer Controlled Insurer. Per District of Columbia Official Code 31-401(5) a controlling producer means a producer who, directly or indirectly controls an insurer. (4) "Controlled insurer" means a licensed insurer which is controlled, directly or indirectly by a producer.

It is recommended that the Company adhere to the provisions of Title 31, Chapter 4 of the District of Columbia Official Code which include required contract provisions between the Company and the producer, establishment of an audit committee, annual reporting of certain loss reserves and commissions information, and written notice to insureds disclosing the relationship between the producer and the controlled insurer.

Lack of Independent Directors:

The Company is not in compliance with District of Columbia Code Section 31-405 and 31-706(c)(3) which states that no less than 1/3 of the directors of a domestic insurer and not less than 1/3 of the members of each committee of the board of directors of any domestic insurer shall be persons who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with the insurer and who are not beneficial owners of a controlling interest in the voting stock of the insurer or such an entity. As of December 31, 2008, all directors of the Company were officers of the Company or related to the President of the Company.

It is recommended that the Company adhere to the provisions of the District of Columbia Official Code concerning independent directors.

Lack of Independent Committees of the Board:

Pursuant to District of Columbia Code Section 31-706(c)(4) the board of directors of a domestic insurer shall establish 1 or more committees comprised solely of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with the insurer, and who are not beneficial owners of a controlling interest in the voting stock of the insurer or any such entity. The committee or committees shall have responsibility for recommending the selection of independent certified public accountants, reviewing the insurer's financial condition, the scope and results of the independent audit and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer, and recommending to the board of directors the selection and compensation of the principal officers.

Absent any written exemptions by the Department, the Company must establish committees of the board of directors pursuant to District of Columbia Code 31-706(c)(4).

Minutes of the Directors:

The Company could not provide evidence that the Board of Directors approved the investments made by the investment committee. In addition, there are no minutes from the investment committee concerning investments and return on investments.

It is recommended that the Board of Directors approve investments in accordance with District of Columbia Official Code 31-1371.04(b) and (c) "The Board of Directors shall evidence by formal resolution, at least annually ..." "On no less than a quarterly basis…….Receive and review a summary report on the insurer's investment portfolio"

Cost Sharing Agreement

The Company cost sharing agreement with the affiliated agency expired in December 2005. The Company renewed this agreement during the examination.

In the cost sharing agreement the agency is to pay a percentage of expenses as the rent to the Company. Since the Company owns the building no rent for space is being paid by the Agency to the Company.

It is recommended that Company management draft a new agreement with the Agency that includes an appropriate provision for rental cost for the space occupied by the agency. The agreement must be submitted to the Department for prior approval in accordance with the holding company statutes. The agreement must also meet the 'fair and reasonable' standard of the statute.

Proxies

The Company did not provide evidence that policyholders are apprised of their rights as mutual policyholders. The Bylaws provide that the responsibility of the control and management of the affairs, property and interest of the Company is vested in its Board of Trustees who shall be elected annually by the policyholders.

It is recommended that the Company clearly and effectively communicate to policyholders their rights as mutual policyholders.

Additional Comments and Recommendations

During our examination, in addition to the above Comments and Recommendations, we made other suggestions and recommendations to the Company with regard to record keeping and other procedures relating to its operations in a management letter. These additional suggestions and recommendations were not deemed significant for purposes of our Report on Examination, and are not included in our Report on Examination.

SUBSEQUENT EVENTS

The Company filed a Disclaimer of Affiliation in a correspondence to the Department dated June 18, 2010 in response to the findings in the ‘Comments and Recommendations’ section of this Examination Report. The Disclaimer is filed pursuant to District of Columbia Code §31-705 and disclaims that the Company is part of a holding company system along with its agency, American Risk Management, Inc. The Department has not made a ruling on the Disclaimer of Affiliation as of the date of this Examination Report.

There were no other material subsequent events to comment on.

CONCLUSION

Our examination disclosed that as of December 31, 2008, the Company had:

Admitted assets	$ 38,744,494
Liabilities	$ 7,689,958
Unassigned funds (surplus)	31,054,536
Surplus as regards policyholders	$ 31,054,536
Total liabilities, capital and surplus	$ 38,744,494

Based on our examination, the accompanying balance sheet properly presents the statutory financial position of the Company as of December 31, 2008, and the accompanying statement of income properly presents the statutory results of operations for the period then ended. The supporting financial statements properly present the information prescribed by the District of Columbia Official Code and the National Association of Insurance Commissioners.

Chapters 20 ("RISK-BASED CAPITAL") and 25 ("FIRE, CASUALTY AND MARINE INSURANCE") of Title 31 ("Insurance and Securities") of the District of Columbia Official Code specify the level of capital and surplus required for the Company. We concluded that the Company's capital and surplus funds exceeded the minimum requirements during the period under examination.

SIGNATURES

In addition to the undersigned, the following examiners representing the District of Columbia Department of Insurance, Securities and Banking participated in certain phases of this examination:

Chidinma Ukairo,

The actuarial portions of this examination were completed by Robert W. Gardner, ASA, MAAA, and Jay Kuklinski ASA, MAAA of INS Consultants, Inc.

Respectfully submitted,

Frank J Ryan JR. CPA
Examiner-In-Charge

Nathaniel Kevin Brown. CPA, CFE
Chief Examiner

District of Columbia Department of
Insurance, Securities and Banking

IN ADDITION TO THE EXAMINATION OF THE AMALGAMATED CASUALTY INSURANCE COMPANY, A REVIEW WAS MADE OF AMERICAN RISK MANAGEMENT, INC., AND THE REPORT THEREON IS AS FOLLOWS:

ADDENDUM "A" American Risk Management, Inc

American Risk Management, Inc. was incorporated as an "S Corporation" with 1000 shares outstanding with a par value of $1.00 per share in the District of Columbia on December 9, 1985 to collect, finance and disburse insurance premiums and to do any and all acts necessary in the operation of an insurance agency, as stated in the articles of incorporation. The Period of duration is perpetual. The Agency's business address is 500 Morse Street, N.E., Washington D.C. 20002-1880.

The responsibility for control and management of the affairs, property and interests of American Risk Management, Inc. is vested in following listed directors and officers:

Directors:
Fred L. Brewer

Mark A. Gilder
Ida L. Brown

Officers:
Fred L. Brewer, President & Treasurer
Mark A. Gilder, Vice President
Ida L. Brown, Secretary

The Agency Agreement between Amalgamated Casualty Insurance Company and American Risk Management, Inc. is renewed annually.

The Balance Sheet and Statement of Income of the Agency for the year ended December 31, 2008, accompany this report.

American Risk Management, Inc.

Balance Sheet

As of December 31, 2008

ASSETS

Current Assets		
Cash in Bank		$ 297,376
Cash sweep	65,000	
Exchange		498
Commission Receivable		68,226
Returned Checks		6,278
Total Current Assets		437,378
Fixed Assets		
Property and Equipment		8,678
Accumulated Depreciation (P&C)		(8,678)
Total Fixed Assets		0
Total Assets		$ 437,378

LIABILITIES AND EQUITY

Current Liabilities	$ 16,397
Accrued Pension Fund	99,502
Premiums Bankers Independent	9,569
Premiums Collected (ACIC)	346,421
Accounts Payable	7,371

Provision for DC taxes	100
Total Current Liabilities	$479,362
Stockholders Equity	
Capital Stock	1,000
Retained Earnings	4,902
Net Income (loss) (2008)	(47,886)
Stockholders Equity	(41,984)
Total Liabilities and Stockholders Equity	$437,378

American Risk Management, Inc.

Income Statement

As of December 31, 2008

INCOME	
Commissions	$ 731,830
Interest Bank Accounts	2,032
Miscellaneous Income	567
Return Check Fees	1,640
Total Income	736,069
Expenses	
Compensation/Administration	740,710
Other Costs	43,245
Total Expenses	783,955
Net Income (Loss)	$(47,996)