



BEST'S COMPANY REPORT



GREATER NEW YORK GROUP

AMB #: 003326

NAIC #: N/A

FEIN #: N/A

Phone:

Fax:

Website: N/A

GNV Custom Insurance Co	A+
Greater Mid-Atlantic Indem Co	A+
Greater Midwestern Indem Co	A+
Greater New York Mutual Ins Co	A+
Ins Co of Greater New York	A+
Strathmore Insurance Company	A+



Best's Credit Rating Effective Date

January 23, 2024

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Information

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Greater New York Group

AMB #: 003326

Associated Ultimate Parent: AMB # 000438 - Greater New York Mutual Insurance Company

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<p>A+</p> <p>Superior</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Issuer Credit Rating (ICR)

<p>aa-</p> <p>Superior</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Assessment Descriptors

Balance Sheet Strength	Strongest
Operating Performance	Strong
Business Profile	Neutral
Enterprise Risk Management	Appropriate

Rating Unit - Members

Rating Unit: Greater New York Group | AMB #: 003326

AMB #	Rating Unit Members	AMB #	Rating Unit Members
013589	GNV Custom Insurance Co	000438	Greater New York Mutual Ins Co
020982	Greater Mid-Atlantic Indem Co	003327	Ins Co of Greater New York
020981	Greater Midwestern Indem Co	012384	Strathmore Insurance Company

Rating Rationale

Balance Sheet Strength: **Strongest**

- The group maintained the strongest level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) scores at the 99.6% confidence interval. BCAR has remained at the strongest level for a number of years.
- Consistent surplus growth in each year since 2012. However, more recently, surplus growth has lagged premium growth leading to slightly higher premium leverage.
- Conservative investment portfolio with a high share of assets allocated to high credit quality bonds, cash and short-term investments. The group has little exposure to high-risk assets.
- Loss reserve development has been favorable on both an accident-year and calendar-year basis since 2012.

Operating Performance: **Strong**

- Five-year average combined ratio and operating ratio compare favorably to the composite average over the same time frame, driven by a consistently low expense ratio and strong investment results.
- Net premiums written have grown 93.8% in the last five years including an increase of 17.8% in 2022 for a five-year CAGR of 17.2%.
- Pre-tax return on revenue and pre-tax return on equity compare favorably to the composite.

Business Profile: **Neutral**

- Greater New York Group (GNY) is a niche writer of commercial real estate including habitational, light industrial, office building, and restaurant risks that writes business primarily in the Northeast.
- In 2022, GNY was the second-largest writer of commercial multi-peril in New York, a top five writer in New Jersey, and a top six writer in both Illinois and Connecticut.
- Consistent effort to attain geographical diversification since 2003. In 2022, more than 16.6% of direct premiums written came from outside the Northeast compared to less than 3.0% in 2003.

Enterprise Risk Management: **Appropriate**

- GNY has a formalized, documented enterprise risk management (ERM) process with the stated goals of preserving capital and maintaining financial stability.
- The group utilizes a risk committee that re-evaluates ERM guidelines on a quarterly basis and an audit committee that ensures compliance with stated risk tolerances and manages changes pertaining to the ERM program.
- Internal Audits are conducted on particularly risky areas of the business at least every 12 months and on all other areas at least every two years.
- Special focus is given to coastal exposures, terrorism, and cyber risks. Examples include restricting the definition of coastal exposures and the utilization of a chief information security officer.

Outlook

- The stable outlooks reflect the expectation that the group will maintain the strongest balance sheet strength assessment supported by strong and stable operating results.

Rating Drivers

- Negative rating action could occur if a strongly adverse event or events result in a material reduction of risk-adjusted capitalization.
- Negative rating action could occur if there is deterioration in operating results.
- While unlikely, positive rating action could occur if the group materially improves its geographical diversification while maintaining a high level of operating results.

Credit Analysis

Balance Sheet Strength

The strongest balance sheet assessment is reflective of robust risk-adjusted capitalization, low leverage, solid liquidity and cashflow metrics, and prudent capital management in recent years.

Capitalization

Greater New York Group maintains a "strongest" level of risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR) scores at the 99.6% confidence interval. Absolute level of capital and surplus has grown over 30% from 2017 to 2022 and expanded further through Q3 2023. The surplus is well protected through comprehensive reinsurance program with highly rated counterparties.

GNY has maintained the strongest level BCAR for number of years, however BCAR scores declined in more recent periods. The decline was driven by premium growth outpacing the growth of capital. In addition to the expansion of the core property premium, GNY grew new Liability line of business which led to a significant increase in reserves. Both premium and reserves growth put pressure on the risk adjusted capitalization.

Asset Liability Management - Investments

GNY maintain conservative investment portfolio with little exposure to high-risk assets. Invested assets portfolio has grown year over year. At year-end 2022, bonds accounted for over 80% of the overall portfolio, and cash and equivalents accounted for about 7%. The rest of the portfolio consisted of stocks and other invested assets. . Overall credit quality remains strong with an average rating of AA.

Reserve Adequacy

GNY has a very conservative reserving approach and carries a reserve position that exceeds the midpoint calculated by an independent actuary. Steadily increasing losses and expenses in the last five years largely as a result of increased premiums. The group raises reserves every year accordingly. Commercial multi-peril makes up the bulk of total reserves at year-end 2022. Other Liability, Workers' compensation and other business lines represent a much smaller percentage of the remaining reserves. Portfolio of risks is largely short-tailed with workers' compensation making up a small portion of the overall business of premiums written.

Operating Performance

Five-year average combined ratio for GNY compares favorably to the composite average, driven by a consistently low expense ratio. The five-year average loss and loss adjustment expense ratio for GNY was modestly higher than the composite average, while the five-year average expense ratio is considerably lower. Low volatility in results.

GNY had underwriting losses for three of the past five years, despite its net combined ratio being less than 100 in each year, primarily due to its premium growth and the statutory accounting requirement to expense acquisition costs as incurred, coupled with very conservative reserving. However, underwriting results turned positive in 2022 and through Q3 2023.

Consistent investment income has more than offset underwriting losses leading to strong net income and good return metrics.

Five-year average pre-tax return on revenue and pre-tax return on equity compared favorable to the composite. Five-year average total ROE compared also favorable to the composite.

GNY recorded significant increase in net premiums written over the past five years. Five-year increase of NPW growth has been attributed to a broadening of group's geographic profile with increased writings in all markets they support. Strong surplus growth over the same time frame has supported NPW growth.

Business Profile

Greater New York Group is a niche underwriter of commercial real estate including habitational, light industrial, office building and restaurant risks. The group is heavily concentrated in commercial multi-peril which accounted for the majority of net premiums written 2022. Other Liability, workers' compensation, commercial auto liability, homeowners', auto physical damage, fire, allied lines, and make up the remaining percentage of NPW.

Business Profile (Continued...)

GNY is a regional writer that writes most of its business in the Northeast. New York is the group's largest state of direct premiums written in 2022. Other major states include New Jersey, Illinois, Massachusetts and Connecticut. The group is a top two writer of commercial multi-peril insurance in New York, a top five writer in New Jersey and top six writer in both Illinois and Connecticut.

GNY also has a minor presence in 11 other states and Washington, D.C. The group has a negligible amount of premium that originates outside its top ten states and DC.

Enterprise Risk Management

Greater New York Group has a formalized, documented enterprise risk management program. The overall goals of the ERM program are to preserve capital and maintain financial stability. ERM is a constantly evolving process for the group that includes regular reporting, frequent revisions to guidelines, and quarterly management review. GNY involves a risk committee, an audit committee, and the board of directors in decisions related to ERM. Exposures are monitored relative to the group's set risk tolerances and the recommendations that are made to the board of directors.

Various tools are used in the assessment of risks, including mapping, modeling, and RiskMeter. Rigorous underwriting guidelines consider exposure to natural catastrophes such as wind, tornadoes, hail, floods, and earthquakes. Damageability factors are based on averages and can vary widely from one risk portfolio to another. GNY uses sublimits and deductibles extensively to further protect itself from CAT losses.

The group is very responsive to emerging cyber risks. GNY's chief information security officer manages cyber risk and has introduced a number of safeguards in doing so. Safeguards include a security firewall, content filters for web browsers, and anti-virus and malware scanning. The group also has data scientists to solve new data challenges and uses third-party vendor to audit controls and policies and also perform network penetration tests on its computer systems.

GNY has both a comprehensive reinsurance program and a business continuity plan.

Reinsurance Summary

Greater New York Group maintains a broad reinsurance program that provides several different coverages. Policies include property CAT, property per risk, casualty, and aggregate terrorism excess of loss.

GNY purchases stand-alone terrorism reinsurance to further protect its portfolio. The policy is particularly useful to GNY because of the group's significant terrorism exposure.

The reinsurance program is placed entirely with highly rated reinsurers and excludes alternative capital such as hedge funds. GNY carries an adequate amount of reinsurance compared to its exposures.

Environmental, Social & Governance

As the group has concentration in the Northeast, Greater New York is subject to increased catastrophe risk from weather-related events such as hurricanes. The group is understanding that climate change and emerging weather patterns is an ongoing and continuous process. Loss prevention engineers monitor building codes and research new technologies to identify ways to mitigate emerging weather risk.

GNY is not subject to unique social risk factors, though as with all insurance companies, Greater New York is subject to social inflation such as increase litigation and unfavorable jury awards. The group understands that all things being equal, it is riskier to own securities with poor business practices.

GNY does not have material governance issues. Management has focused on growing net premiums written and broadening the group's geographic footprint in recent years.

Financial Statements

	9-Months		Year End - December 31			
	2023		2022		2021	
Balance Sheet	USD (000)	%	USD (000)	%	USD (000)	%
Cash and Short Term Investments	94,250	4.2	114,350	5.6	40,799	2.2
Bonds	1,681,613	75.1	1,494,757	73.3	1,390,060	75.7
Preferred and Common Stock	149,521	6.7	130,079	6.4	139,245	7.6
Other Invested Assets	...	...	4,609	0.2	137	...
Total Cash and Invested Assets	1,925,383	86.0	1,743,795	85.6	1,570,241	85.5
Premium Balances	231,892	10.4	215,464	10.6	181,909	9.9
Net Deferred Tax Asset	28,439	1.3	24,703	1.2	21,080	1.1
Other Assets	53,512	2.4	53,964	2.6	62,354	3.4
Total Assets	2,239,226	100.0	2,037,926	100.0	1,835,585	100.0
Loss and Loss Adjustment Expense Reserves:						
Net Reported Loss Reserves*	584,150	26.1	534,859	26.2	456,447	24.9
Net IBNR Loss Reserves*	419,552	18.7	200,544	9.8	166,412	9.1
Net LAE Reserves	...	...	167,542	8.2	152,410	8.3
Total Net Loss and LAE Reserves	1,003,702	44.8	902,945	44.3	775,269	42.2
Net Unearned Premiums	476,314	21.3	414,201	20.3	355,135	19.3
Other Liabilities	67,806	3.0	63,439	3.1	69,512	3.8
Total Liabilities	1,547,822	69.1	1,380,585	67.7	1,199,917	65.4
Unassigned Surplus	689,704	30.8	655,641	32.2	633,968	34.5
Other Surplus	1,700	0.1	1,700	0.1	1,700	0.1
Total Policyholders' Surplus	691,404	30.9	657,341	32.3	635,668	34.6
Total Liabilities and Surplus	2,239,226	100.0	2,037,926	100.0	1,835,585	100.0

Source: BestLink® - Best's Financial Suite

* Interim reserves balances include LAE.

Greater New York Group

Operations

Date Incorporated: August 19, 1927

Domiciled: New York, United States

Business Type: Property/Casualty
Organization Type: Mutual
Marketing Type: Independent Agency

Last Update

January 23, 2024

Identifiers

AMB #: 003326

This company is a data record that AM Best utilizes to represent the AM Best Consolidated financials for the Property/Casualty business of AMB#: [000438 Greater New York Mutual Insurance Company](#).

AMB#: [000438 Greater New York Mutual Insurance Company](#) has been assigned as the AMB Group Lead for this consolidation and should be used to access name, address, or other contact information for this AM Best Consolidated Group.

Financial Data Presented

See [LINK](#) for details of the entities represented by the data presented in this report.

Best's Credit Ratings

Rating Relationship

This group represents an AM Best Rating Unit. In our opinion, companies under this Rating Unit have a Superior ability to meet their ongoing insurance obligations and a Superior ability to meet their ongoing senior financial obligations.

Best's Credit Rating Effective Date: January 23, 2024

Rating rationale and credit analysis can be found in the [Best's Credit Report for AMB# 003326 - Greater New York Group](#).

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
013589	GNV Custom Insurance Co	A+	aa-
020982	Greater Mid-Atlantic Indem Co	A+	aa-
020981	Greater Midwestern Indem Co	A+	aa-
000438	Greater New York Mutual Ins Co	A+	aa-
003327	Ins Co of Greater New York	A+	aa-
012384	Strathmore Insurance Company	A+	aa-

Management

Administration of affairs is under the direction of Ms. Elizabeth Heck, chairman, president and chief executive officer. Elizabeth Heck joined the group in 2001 and served as chief financial officer before being named president and chief operating officer in 2010. She was appointed chief executive officer in January 2015 to succeed Warren Heck, who is presently lead director of the board. Christopher McNulty joined the company in 2013 and is executive vice president, chief financial officer and treasurer.

History

The origin of the group dates back to August 29, 1927, when the lead company, Greater New York Mutual Insurance Company, was incorporated under the laws of New York as the Greater New York Taxpayers Mutual Insurance Association. Operations were previously conducted for a period of about 15 years as a membership corporation. As such, it afforded general liability coverage to property owners of the Greater New York Taxpayers Association. The present title was adopted on March 17, 1954.

State Rate Filings

Summary of Approved Filings

The table below shows the number of approved filings in the last five years. For more information, please refer to [Best's State Rate Filings - 003326 - Greater New York Group](#)

Major Line	2024	2023	2022	2021	2020
Commercial Auto	3	54	37	57	29
Commercial General Liability	13	186	196	151	175
Commercial Inland Marine	...	2	10	19	30
Commercial Interline	2	12	1	12	51
Commercial Multi-Peril	4	32	17	24	31
Crime	...	18	13	2	...
Fidelity & Surety	...	16	9	2	1
Fire And Allied Lines (Commercial Property)	16	66	66	69	138
Personal Interline	...	1	...	...	...
Workers Compensation	12	23	32	41	25
Total	50	410	381	377	480

Source: Best's State Rate Filings

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

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