

BEST'S RATING REPORT



GREATER NEW YORK GROUP

200 Madison Avenue, New York, New York, United States 10016-3904

AMB #: 003326

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FEIN #: N/A

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Greater New York Mutual Ins Co	A+
Insurance Co of Greater NY	A+
Strathmore Insurance Company	A+
GNY Custom Insurance Co	A+



Greater New York Group

Disclosure Information: Refer to rating unit members for each company's Rating Disclosure Form

Associated Ultimate Parent: [000438 - Greater New York Mutual Insurance Company](#)

A.M. Best Rating Unit: 003326 - Greater New York Group

Best's Credit Ratings for Group Members:

Rating Effective Date: October 16, 2018

AMB#	Company	Rating Unit	Best's Financial Strength Ratings			Best's Issuer Credit Ratings		
			Rating	Outlook	Action	Rating	Outlook	Action
003326	Greater New York Group	<i>Rating Unit</i>						
000438	Greater New York Mutual Ins Co		A+	Stable	Affirmed	aa-	Stable	Affirmed
003327	Insurance Co of Greater NY		A+	Stable	Affirmed	aa-	Stable	Affirmed
012384	Strathmore Insurance Company		A+	Stable	Affirmed	aa-	Stable	Affirmed
013589	GNY Custom Insurance Co		A+	Stable	Affirmed	aa-	Stable	Affirmed

Rating Rationale:

Balance Sheet Strength: Strongest

- At the second quarter of 2018, the BCAR score is in the strongest category at the 99.6% confidence interval.
- Greater New York Group (GNY) maintains low underwriting and investment leverage, which is largely due to adherence to strict guidelines for both.
- The group possesses strong risk-adjusted capitalization driven by low leverage and consistent growth in both surplus and premium.

Operating Performance: Strong

- GNY has posted a sub-100 combined ratio every year for the last five years and is on track to do so again in 2018.
- Increases to net premiums written have led to a five-year CAGR of 8.3% and five-year change of 48.7%.
- Since 2014, GNY has had a tight focus on expense management, which has aided in increasing profitability.

Business Profile: Neutral

- GNY is a super regional writer of middle market commercial lines focusing on commercial real estate primarily in the Northeast. New York accounts for 54.3% of direct premiums written.
- Since 2003, GNY has expanded from three main territories to six, significantly decreasing its overexposure to the New York market.
- GNY now writes in 16 states plus Washington, D.C., with Wisconsin to follow later in 2018.
- The group has six branch offices and has begun offering cyber and will soon issue commercial output policies.

Enterprise Risk Management: Appropriate

- GNY has a formalized, documented ERM process with the goal of preserving capital and maintaining financial stability.
- The group utilizes a risk committee comprised of senior management that re-evaluates ERM guidelines on a quarterly basis.
- GNY updates its Audit Committee every quarter and its board of directors semi-annually on the compliance with its stated risk tolerances and changes pertaining to the ERM program.
- Audits are conducted on particularly risky areas of the business every year and on all other areas every two years.
- Special focus is given to coastal exposures, terrorism, and cyber risks. Examples include restricting the definition of coastal exposures, avoidance of "trophy" risks, and the utilization of a chief information security officer.

Outlook

The stable outlooks reflect the expectation that the group's ratings for balance sheet strength, operating performance, business profile, and enterprise risk management will be maintained over the next several years.

Rating Drivers

Negative rating actions could occur if there is a significant deterioration in operating results.

Negative rating actions could occur if a strongly adverse event or events result in a material reduction of risk-adjusted capitalization.

Financial Statements:**Balance Sheet:****Consolidated Balance Sheet**

Admitted Assets	Year End - December 31			
	2017 (\$000)	2016 (\$000)	2017 (%)	2016 (%)
Bonds	857,109	827,172	73.9	76.5
Preferred Stock	...	...	...	...
Common Stock	106,313	87,384	9.2	8.1
Cash and Short-term Invest	42,148	24,756	3.6	2.3
Real Estate, Investment	...	...	...	...
Derivatives	...	...	...	...
Other Non-Affil Inv Asset	...	...	...	...
Investments in Affiliates	10	16	...	...
Real Estate, Offices	...	...	...	...
Total Invested Assets	1,005,580	939,328	86.7	86.8
Premium Balances	101,676	92,255	8.8	8.5
Accrued Interest	6,222	5,906	0.5	0.5
All Other Assets	46,524	44,271	4.0	4.1
Total Assets	1,160,002	1,081,760	100.0	100.0
Liabilities & Surplus	Year End - December 31			
	2017 (\$000)	2016 (\$000)	2017 (%)	2016 (%)
Loss and LAE Reserves	431,365	410,013	37.2	37.9
Unearned Premiums	184,102	166,815	15.9	15.4
Derivatives	...	...	...	...
Conditional Reserve Funds	342	376	...	...
All Other Liabilities	41,012	31,927	3.5	3.0
Total Liabilities	656,821	609,131	56.6	56.3
Surplus notes	...	...	...	...
Capital and Assigned Surplus	1,700	1,700	0.1	0.2
Unassigned Surplus	501,481	470,929	43.2	43.5
Total Policyholders' Surplus	503,181	472,629	43.4	43.7
Total Liabilities and Surplus	1,160,002	1,081,760	100.0	100.0

Source: Bestlink - Best's Statement File - P/C, US

Company History:

Date Incorporated: 08/19/1927

Date Commenced: N/A

Domicile: United States: New York

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.

Company Management:

Last significant update on 10/24/2017

Administration of affairs is under the direction of Ms. Elizabeth Heck, 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 remains chairman of the board, a position he has held since 2001. Christopher McNulty joined the company in 2013 and is executive vice president, chief financial officer and treasurer.

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.

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