

REPORT ON ORGANIZATION

OF THE

BERKSHIRE HATHAWAY ASSURANCE CORPORATION

AS OF

DECEMBER 27, 2007

DATE OF REPORT

DECEMBER 27, 2007

EXAMINER

JAINARINE TILAKDHARRY

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

December 27, 2007

Honorable Eric Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 22726 dated December 21, 2007, attached hereto, I have made an examination on organization of Berkshire Hathaway Assurance Corporation as of December 27, 2007, and submit the following report thereon.

Wherever the designations "the Company", or "BHAC" appear herein without qualification, they should be understood to indicate the Berkshire Hathaway Assurance Corporation.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York Insurance Department.

The examination was conducted at the office of the Company's attorney located at 7 Times Square, New York, NY 10036.

1. SCOPE OF EXAMINATION

The examination comprised a complete verification of the issuance of the Company's capital stock, the receipt of capital and surplus funds, and the determination of the Company's assets and liabilities. The records examined were the declaration of intention and charter, the by-laws, the certificate of incorporation, the corporate minutes, the stock register and the inter-company and custodial agreements entered into by the Company as of the examination date. In addition, an affidavit, appended hereto, was obtained from two officers of the Company indicating that the transactions noted in this report were lawful and bona fide.

2. INCORPORATION

Berkshire Hathaway Assurance Company was incorporated under the laws of the State of New York on December 21, 2007. The Department approved the Company's declaration of intention and charter on the same date. The Company's office is intended to be located at the Marine Air Terminal, LaGuardia Airport, New York 11371.

As of the examination date, the Company's board of directors was comprised of the following thirteen members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
John D. Arendt Norwalk, Connecticut	Insurance Executive, National Liability & Fire Insurance Company
Erika B. Duffy Fairfield, Connecticut	Attorney, National Liability & Fire Insurance Company
Lori J. Friedman Armonk, New York	Attorney, Self Employed
Dale D. Geistkemper Omaha, Nebraska	Insurance Executive, National Indemnity Company

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Ajit Jain Rye, New York	Insurance Executive, National Liability & Fire Insurance Company
Arvind Krishnamurthy Cambridge, Massachusetts	Insurance Executive, National Liability & Fire Insurance Company
Forrest N. Krutter Omaha, Nebraska	Attorney, Insurance Executive, National Indemnity Company
Kevin D. Lewis Westport, Connecticut	Attorney, Insurance Executive, National Liability & Fire Insurance Company
Nancy F. Peters Omaha, Nebraska	Attorney, National Indemnity Company
Kara L. Raiguel Stamford, Connecticut	Insurance Executive, National Liability & Fire Insurance Company
Brian G. Snover Stamford, Connecticut	Attorney, Insurance Executive, National Liability & Fire Insurance Company
Kevin G. Snover West Babylon, New York	Attorney
Donald F. Wurster Omaha, Nebraska	Insurance Executive, National Indemnity Company

As of December 27, 2007, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Donald F. Wurster	President
Forrest N. Krutter	Senior Vice President
Kara L. Raiguel	Vice President
Brian G. Snover	Vice President
Erika B. Duffy	Secretary
Dale D. Geistkemper	Treasurer

3. CAPITALIZATION AND SUBSCRIPTION

Berkshire Hathaway Assurance Company is 51% owned by Columbia Insurance Company and 49% owned by National Indemnity Company. BHAC's ultimate parent is Berkshire Hathaway, Inc. The ultimate controlling person of Berkshire Hathaway Assurance Corporation is Mr. Warren Buffett.

The Company has authorized capital of \$2,500,000 consisting of 2,500 shares of common stock at \$1,000 par value per share. On December 21, 2007, the Company issued 1,275 shares of common stock to Columbia Insurance Company for consideration of \$53,550,000 and 1,225 shares to National Indemnity Company for consideration of \$51,450,000 for a total consideration of \$105,00,000, of which \$2,500,000 represents common stock and \$102,500,000 represents paid in and contributed surplus.

In order to fulfill the deposit requirements of Section 4104 of the New York Insurance Law, the Company has placed securities with a par value totaling \$600,000 in an account in the name of the "Superintendent of Insurance of the State of New York in trust for the security of the policyholders of Berkshire Hathaway Assurance Company within the United States, its territories and possessions." The custodian is JPMorgan Chase Bank, located at 4 New York Plaza, New York, New York 10004, and the securities are held pursuant to a custodian agreement that conforms to the provisions of Section 1314 of the New York Insurance Law.

4. BALANCE SHEET

The following shows the assets, liabilities and surplus as regards policyholders as determined by this examination as of December 27, 2007 and as reported by the Company:

Assets

Bonds	\$50,545,499
Cash and short-term investments	53,860,155
Investment income due and accrued	<u>594,346</u>
 Total admitted assets	 <u>\$105,000,000</u>

Liabilities

Total liabilities	\$0
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Capital and Surplus

Common capital stock	\$ 2,500,000	
Gross paid in and contributed surplus	102,500,000	
 Total surplus as regards policyholders	 <u>\$105,000,000</u>	
 Total liabilities and surplus as regards policyholders	 <u>\$105,000,000</u>	

5. **AUTHORIZATION POWERS AND MINIMUM CAPITAL REQUIRED**

The Company is authorized to transact the kind of insurance as defined in the following numbered paragraph of Section 1113(a) of the New York Insurance Law:

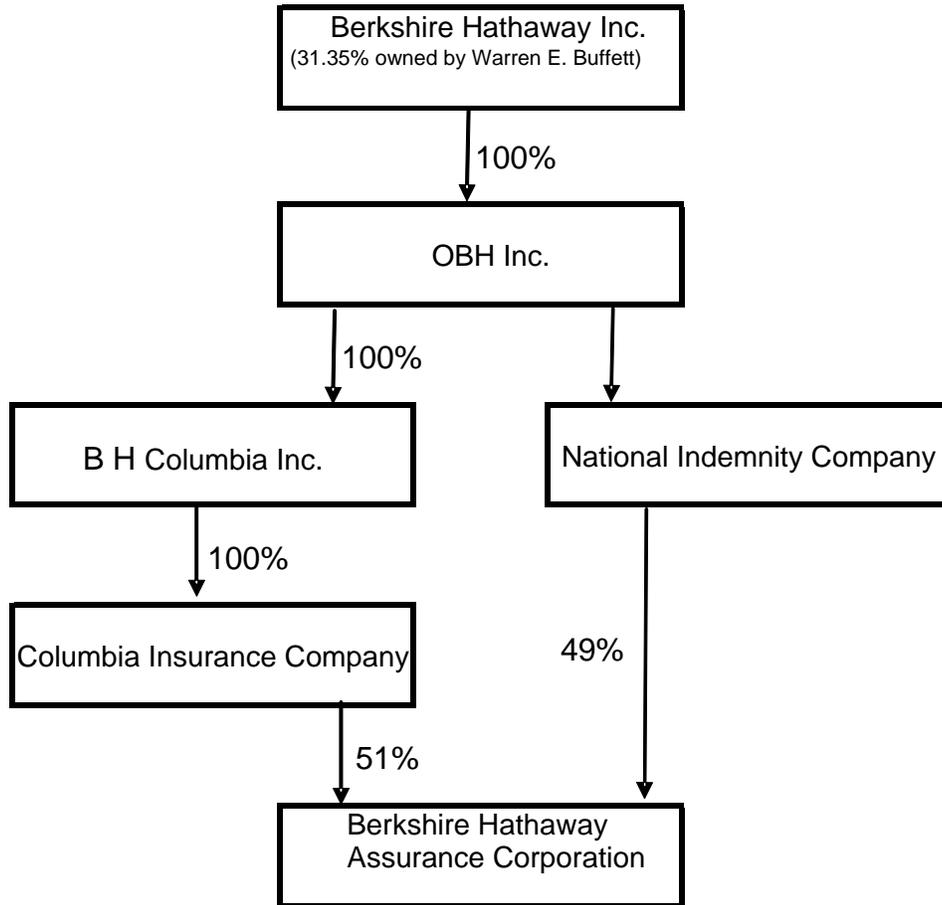
<u>Paragraph</u>	<u>Line of Business</u>
16 (C),(D),(E),(F),(G),(H)	
(I)	Surety
17 (A)	Credit Insurance
25	Financial Guaranty Insurance

Sections 4103 and 6902 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 \$77,100,000, including \$2,500,000 of capital and shall thereafter maintain a minimum surplus to policyholders of \$66,400,000. The Company has met these requirements.

6. **AFFILIATED GROUP**

Berkshire Hathaway Assurance Company is 51% owned by Columbia Insurance Company and 49% owned by National Indemnity Company. BHAC's ultimate parent is Berkshire Hathaway, Inc., which is 31.35% owned by Mr. Warren E. Buffett.

The following is an abridged chart of the affiliated group at December 27, 2007:



The Company is a party to the following inter-company agreements.

Reinsurance Agreement

The company has a Semi-Automatic Mechanism (Facultative Obligatory) reinsurance agreement with National Indemnity Company, which owns 49% of the Company

Service Agreement with FlightSafety International

Effective December 21, 2007, the Company entered into an agreement with FlightSafety International (“FlightSafety”) whereby FlightSafety agreed to perform certain administrative and special services for BHAC and its operations for a fee.

Management Investment Agreement

The Company has entered into an agreement with National Indemnity Company (“NICO”). According to the agreement, effective December 31, 2007, NICO would act as an investment manager for BHCA for a fee.

Service Agreement with National Indemnity Company

This agreement is between the Company and National Indemnity Company (“NICO”) whereby NICO would perform certain administrative and special services including accounting, underwriting, and claims services to the Company for a fee.

Tax allocation agreement

The Company has entered into a tax allocation agreement with Berkshire Hathaway Inc. whereby Berkshire Hathaway Inc. would file a consolidated federal income tax return on behalf of itself and its affiliates.

All of the above agreements were approved by the Company’s board of directors and were filed with and non-disapproved by the New York Insurance Department.

7. CONCLUSION

Based on the foregoing examination, it is concluded that the Company sold 2,500 shares of common stock with a par value of \$1,000 per share. These shares represented the total authorized and issued stock for which the Company received a consideration of \$105,000,000, of which \$2,500,000 represents capital paid in and \$102,500,000 represents gross paid in and contributed surplus.

Respectfully submitted,

Jainarine Tilakdharry
Senior Insurance Examiner

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

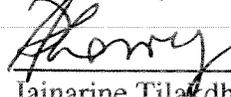
JAINARINE TILAKDHARRY, being duly sworn, deposes and says that the foregoing report, subscribed to by him, is true to the best of his knowledge and belief.

Jainarine Tilakdharry

Subscribed and sworn to before me

this _____ day of _____, 2007.

Respectfully submitted,



Jainarine Tilakdharry
Senior Insurance Examiner

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

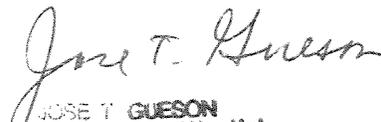
JAINARINE TILAKDHARRY, being duly sworn, deposes and says that the foregoing report, subscribed to by him, is true to the best of his knowledge and belief.



Jainarine Tilakdharry

Subscribed and sworn to before me

this 28th day of December, 2007.

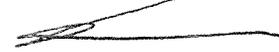


JOSE T. GUESON
NOTARY PUBLIC, State of New York
No. 01GU4951406
Qualified in Queens County
Commission Expires May 22, 20__

STATE OF CONNECTICUT,)
) SS.:
COUNTY OF FAIRFIELD)

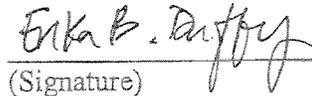
The undersigned each an executive officer of Berkshire Hathaway Assurance Corporation (the "Company") duly sworn, depose and say under oath that, on the date of December 27th, 2007:

- (1) Each of the undersigned is an officer of the Company.
- (2) The Company's capital and surplus equals One Hundred Ten Million and 00/100 Dollars (\$105,000,000.00), consisting of paid in capital of Two Million, Five Hundred Thousand and 00/100 Dollars (\$2,500,000.00) and contributed surplus of One Hundred Seven Million, Five Hundred Thousand and 00/100 Dollars (\$102,500,000.00) (the "Capital and Surplus"). The Capital and Surplus is on deposit with JPMorgan Chase Bank, N.A.
- (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 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 respects 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.



(Signature)
Brian G. Snover
Vice President

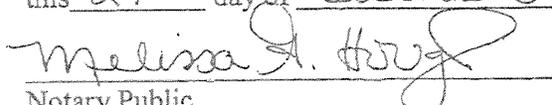
12/27/07
(Date)



(Signature)
Erika B. Duffy
Secretary

12/27/07
(Date)

Subscribed and sworn to before me
this 27th day of December, 2007



Notary Public

my commission expires 3/31/10

Appointment No. 22726

**STATE OF NEW YORK
INSURANCE DEPARTMENT**

I, Eric R. Dinallo, *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

BERSHIRE HATHAWAY ASSURANCE CORPORATION

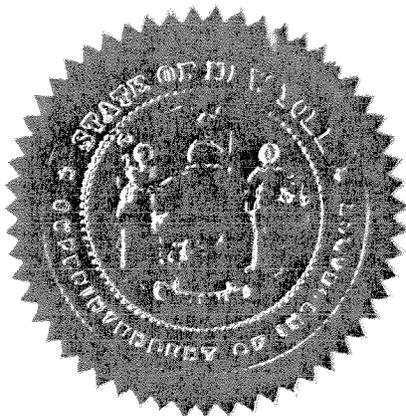
and to make a report to me in writing of the condition of the said

Corporation

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 21st day of December, 2007



A handwritten signature in cursive script, appearing to read "Eric R. Dinallo".

ERIC R. DINALLO
Superintendent of Insurance