

REPORT ON EXAMINATION

OF

TOKIO MARINE AMERICA INSURANCE COMPANY

AS OF

DECEMBER 31, 2014

DATE OF REPORT

APRIL 1, 2016

EXAMINER

KEVIN MCNAMEE

TABLE OF CONTENTS

<u>ITEM NO.</u>		<u>PAGE NO.</u>
1	Scope of examination	2
2.	Description of Company	3
	A. Management	4
	B. Territory and plan of operation	6
	C. Reinsurance	7
	D. Holding company system	11
	E. Significant operating ratios	14
3.	Financial statements	15
	A. Balance sheet	15
	B. Statement of income	17
	C. Capital and Surplus	18
4.	Losses and loss adjustment expenses	19
5.	Compliance with prior report on examination	19
6.	Summary of comments and recommendations	20



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

April 1, 2016

Honorable Maria T. Vullo
Superintendent
New York State Department of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 31222 dated April 6, 2015, attached hereto, I have made an examination into the condition and affairs of Tokio Marine America Insurance Company as of December 31, 2014, and submit the following report thereon.

Wherever the designation “the Company” or (“TMAIC”) appears herein without qualification, it should be understood to indicate Tokio Marine America Insurance Company.

Wherever the term “Department” appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

The examination was conducted at the Company’s home office located at 230 Park Avenue, New York, NY 10169.

1. **SCOPE OF EXAMINATION**

The Department has performed a group examination of the Company, a multi-state insurer. The previous examination was conducted as of December 31, 2009. This examination covered the five year period from January 1, 2010 through December 31, 2014. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination of the Company was performed concurrently with the examinations of the following insurers: TNUS Insurance Company (“TNUS”) and Trans Pacific Insurance Company (“TPI”).

This examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”), which 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. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All financially significant accounts and activities of the Company were considered in accordance with the risk-focused examination process. This examination also included a review and evaluation of the Company’s own control environment assessment. The Company utilizes a process used by its ultimate parent, Tokio Marine & Nichido Fire Insurance Co., Ltd., domiciled in Japan (“TMNF-Japan”) known as “J-SOX” which is substantially similar to Sarbanes Oxley. The examiners also relied upon audit work performed by the Company’s independent public accountants when appropriate.

This examination report includes a summary of significant findings for the following items as called for in the Handbook:

- Significant subsequent events
- Company history
- Corporate records
- Management and control

Fidelity bonds and other insurance
Territory and plan of operation
Growth of Company
Loss experience
Reinsurance
Accounts and records
Financial statements
Summary of recommendations

A review was also made to ascertain the action taken by the Company with regard to comments and recommendations contained in the prior report on examination.

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations, rule, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company was originally known as TM Casualty Insurance Company. It was incorporated under the laws of the State of New York on August 13, 1998 and commenced business on September 23, 1999. At that point the Company was a wholly-owned subsidiary of The United States Branch of Tokio Marine & Nichido Fire Insurance Co., Ltd. of Tokyo, Japan (“TMNF-USB”), an alien insurer with port of entry in the State of New York.

Effective March 15, 2012, the Company's name was changed from TM Casualty Insurance Company to TMAIC. Effective December 31, 2013, in conjunction with its domestication, TMNF-USB merged with and into TMAIC, with TMAIC remaining as the surviving entity. TMNF-USB was operating in the U.S. as a branch of its alien parent, Tokio Marine & Nichido Fire Insurance Co., Ltd (“TMNF-Japan”). TMNF-USB was established in 1955 under the laws of the State of New York to engage in business on behalf of TMNF-Japan. The New York State Department of Financial Services approved the domestication and merger transaction. Tokio Marine Management, Inc. (“TMM”) a United States affiliate and wholly-owned subsidiary of Tokio Marine North America, Inc., (“TMNA”), represents the Company as its manager. Subsequently, effective December 31, 2015, the common stock of TMM was contributed to TMAIC by TMNA.

The Company's capital paid-in is \$5,000,100 consisting of 50,001 shares of \$100 par value per share common stock. Gross paid in and contributed surplus is \$22,649,900. Gross paid-in and contributed surplus increased by \$21,899,900 during the examination period, as follows:

<u>Year</u>	<u>Description</u>	<u>Amount</u>
2009	Beginning gross paid in and contributed surplus	\$ 750,000
* 2013	US Branch Surplus merged in	<u>21,899,900</u>
2014	Ending gross paid in and contributed surplus	<u>\$22,649,900</u>

* Effective December 31, 2013, in conjunction with the domestication, TMNF-USB was merged with and into TMAIC, with TMAIC remaining as the surviving entity. Previously, TMNF-USB was the primary underwriter in the United States on behalf of the Tokio Marine Group. Effective January 1, 2014, the Company's common stock was contributed by TMNF-Japan to the Company's immediate parent, TMNA. Subsequently, effective December 31, 2015, the common stock of TMM as well as the common stock of Trans Pacific Insurance Company, TNUS Insurance Company and TM Specialty Insurance Company was contributed by TMNA to TMAIC.

A. Management

Pursuant to the Company's Charter and By-Laws, management of the Company is vested in a board of directors consisting of not less than seven nor more than thirteen members. Corporate governance is performed at two levels. At a group level, TMM conducts quarterly and annual meetings where the affairs of the Company are discussed. The majority of discussions regarding the Company are held at this level. Corporate governance is performed at the individual entity level. However, most of the board meetings are conducted by unanimous written consent. As noted in the by-laws, there is no requirement for the board of directors to physically meet.

At December 31, 2014, the board of directors was comprised of the following seven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Ann Ginn Summit, NJ	Senior Vice President-Underwriting, Tokio Marine Management, Inc.

Name and ResidencePrincipal Business Affiliation

B. Steven Goldstein
New York, NY

Executive Vice President & General Counsel
Tokio Marine Management, Inc.

David Gottschall
Tarrytown, NY

Senior Vice President and Chief Quality Officer
Tokio Marine Management, Inc.

Shigeo Kuwabara
Eastchester, NY

Senior Vice President and Chief Information
Officer,
Tokio Marine Management, Inc.

Adam LaPierre
Simi Valley, CA

Senior Vice President,
Tokio Marine Management, Inc.

Satoru Teramoto
Harrison, NY

Corporate Liaison,
Tokio Marine Management, Inc.

Koki Umeda
New York, NY

President,
Tokio Marine Management, Inc.

A review of the minutes of the board of directors' meetings held during the examination period indicated that the meetings were generally well attended and each board member had an acceptable record of attendance.

As of December 31, 2014, the principal officers of the Company were as follows:

Name

Koki Umeda
Karen Gilmer-Pauciello
Edward Sayago
Arlene Mahmoud

Title

President
Chief Financial Officer
Secretary
Treasurer

B. Territory and Plan of Operation

As of December 31, 2014, Tokio Marine America Insurance Company was licensed to write commercial lines of business in all fifty states as well as the District of Columbia and the Commonwealth of Puerto Rico. As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
3	Accident & health
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
17	Credit
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity
26	Gap
28	Service contract reimbursement

Based upon the lines of business for which the Company is licensed, the Company's current capital structure and pursuant to the requirements of Articles 13, 41 and 63 of the New York Insurance Law, the Company is required to maintain a minimum capital of \$1 million and a minimum surplus to policyholders in the amount of \$35 million.

TMAIC underwrites primarily commercial lines products; however the company also sells selected personal property and casualty coverage. The Company is authorized to transact such workers' compensation insurance as may be incident to coverage contemplated under paragraphs 20 and 21 of Section 1113(a), including insurance described in the longshoremen's and Harbor Workers' Compensation Act (Public Law No. 803, 69 Cong, as amended; 33 USC Section 901 et seq. as amended), and is authorized by section 4102(c), to write insurance of every kind or description outside

of the United States and reinsurance of every kind or description. The Company is also licensed to write Special Risk Insurance pursuant to Article 63 of the New York Insurance Law.

The following schedule shows the direct premiums written by the Company both in total and in New York for the period under examination:

<u>Calendar Year</u>	<u>New York State</u>	<u>Total Premiums</u>	<u>Premiums Written in New York State as a Percentage of Total Premium</u>
2010	\$5,805	\$5,805	100%
2011	\$34,355	\$34,355	100%
2012	\$43,752	\$43,752	100%
2013	\$29,691,057	\$386,036,085	7.69%
2014	\$26,138,750	\$393,385,502	6.64%

The Company's primary lines of business written and their respective share of direct written premiums in 2014 are Ocean marine (15.3%), Fire (11.3%), Commercial auto liability (\$11.1%), Other Liability occurrence (10.0%), and Workers' compensation (9.1%).

The direct premiums written in 2014 in the top four states were: California \$119,385,419 (30.35%), Texas \$35,387,553 (8.10%), New York \$26,136,750 (6.64%) and New Jersey \$23,013,415 (5.85%). The Company markets its business as a direct writer through a network of appointed independent agents and national brokers totaling 280 producers.

C. Reinsurance

Assumed

Assumed reinsurance accounted for 14.8% of the Company's gross premium written as of December 31, 2014. During the period covered by this examination, the Company's assumed reinsurance business has decreased since the last examination. The Company's assumed reinsurance program consists mainly of multi-line coverage assumed on a quota share basis, pursuant to the terms of treaty agreements with affiliated and unaffiliated reinsurers. Additionally, the Company's participation in various mandated pools is reflected in its assumed reinsurance activity. The Company utilizes reinsurance accounting as defined in Statement of Statutory Accounting Principles ("SSAP") No. 62 for all of its assumed reinsurance business.

Ceded

The Company has structured its ceded reinsurance program as follows:

<u>Type of Treaty</u>	<u>Cession</u>
*Property Per Risk Excess of Loss 3 layers	90% of \$95,000,000 excess of \$5,000,000 in respect of each loss and each risk
Casualty Excess of Loss 2 layers 1 st layer 87.5% placed 2 nd layer 65% placed	\$27,000,000 excess of \$3,000,000 per occurrence; subject to a maximum limit of liability of \$9,000,000 for first layer and \$18,000,000 second layer
*Catastrophe Excess of Loss	88% of \$75,000,000 excess of \$50,000,000 each loss occurrence subject to a liability limit of \$75,000,000 each loss occurrence
Non-Obligatory Quota Share Boiler and Machinery/Equipment Breakdown	50-100% Quota Share covering risks related to Boiler and Machinery/Equipment of highly protected risks and large property business
Non-Obligatory Quota Share Boiler and Machinery/Equipment Breakdown	50-100% Quota Share covering risks related to Boiler and Machinery/Equipment of middle market risks only
Non-Obligatory Quota Share Agreement-Boiler and Machinery/Equipment	100% Quota Share covering business related to Boiler and Machinery/Equipment of both middle-market and highly protected and large property risks
Facultative Equipment Breakdown	100% Boiler & Machinery Coverage- Maximum liability-\$50,000,000 for any one accident
*Marine Cargo Excess of Loss 3 layers	100% Ocean Marine Cargo Coverage Various reinsurers including 50% to TMNF (Layer 1-\$4,500,000 xs \$3,000,000) (Layer 2-\$5,000,000 xs \$7,500,000) (Layer 3-\$12,500,000 xs \$12,500,000)

* TMNF-Japan is the largest participant on these treaties covering property, catastrophe and ocean marine risks.

In addition to the above, effective January 1, 2014, the Company entered into an excess of loss reinsurance agreement with its parent company, TMNF-Japan, which provides coverage for a portion of the Company's liability related to all property risks accepted by the Company either by fronting or by facultative reinsurance. The reinsurer's liability under this contract shall not exceed \$160,000,000 in excess of \$100,000,000 with respect to each loss on any one risk.

As of December 31, 2014, the Company was also party to a master facultative reinsurance agreement with its parent company, TMNF-Japan. Under the terms of this agreement, the Company may cede to TMNF-Japan and TMNF-Japan shall obligatorily accept and provide reinsurance on policies written and issued by the Company worldwide. This agreement covers property, casualty and marine business.

Effective January 1, 2014, the Company entered into an excess of loss reinsurance agreement with its parent company, TMNF-Japan, which provides coverage for a portion of the Company's liability related to Ocean Marine Cargo risks accepted by the Company. The reinsurer's liability under this contract shall not exceed \$95,000,000 in excess of \$25,000,000 with respect to each and every loss, casualty or disaster.

Effective January 1, 2014, TMAIC entered into a Quota Share agreement with affiliate Tokio Marine Underwriting Limited, Lloyd's Syndicate Number 1880 whereby it cedes 100% of property accounts written by the Large Commercial Property team, net of all facultative and proportional treaty reinsurance.

In addition to the reinsurance coverage above described, the Company limits its exposure through the use of various facultative agreements, under which the Company cedes policies on an individual facultative basis. The agreements are in place with affiliated and non-affiliated companies.

The majority of the business was ceded to authorized and affiliated reinsurers. Reinsurance agreements with affiliates were reviewed for compliance with Article 15 of the New York Insurance Law. It is noted that all affiliated reinsurance agreements were filed with the Department pursuant to the provisions of Section 1505(d)(2) of the New York Insurance Law.

Loss Portfolio Transfer

Effective April 1, 2012, the Company entered into a ceded retroactive reinsurance agreement with National Indemnity Company (NIC), an authorized, non-affiliated reinsurer, whereby the reinsurer agreed to assume 94% of the Company's ultimate net loss paid and payable outstanding on or after April 1, 2012, with respect to covered business, subject to the aggregate limit of \$119,103,980. On October 1, 2013, the retroactive reinsurance contract with NIC was amended to include the additional block of business formerly reinsured by affiliate Tokio Marine & Nichido Fire Insurance Company HK Ltd. Under the amendment, the Company will cede to NIC 100% of the Ultimate Net Loss paid or payable by the Company with respect to covered business, subject to the aggregate limit of \$124,917,824. The agreement covers all policies, certificates, binders, cover notes of contracts of reinsurance written by the Company's former manager, Tokio Re Corporation, on or on behalf of the Company related to underwriting year 1997 and prior.

All significant ceded reinsurance agreements in effect as of the examination date were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in SSAP No. 62. Representations were supported by an attestation from the Company's Chief Executive Officer and Chief Financial Officer pursuant to the NAIC Annual Statement Instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in SSAP No. 62.

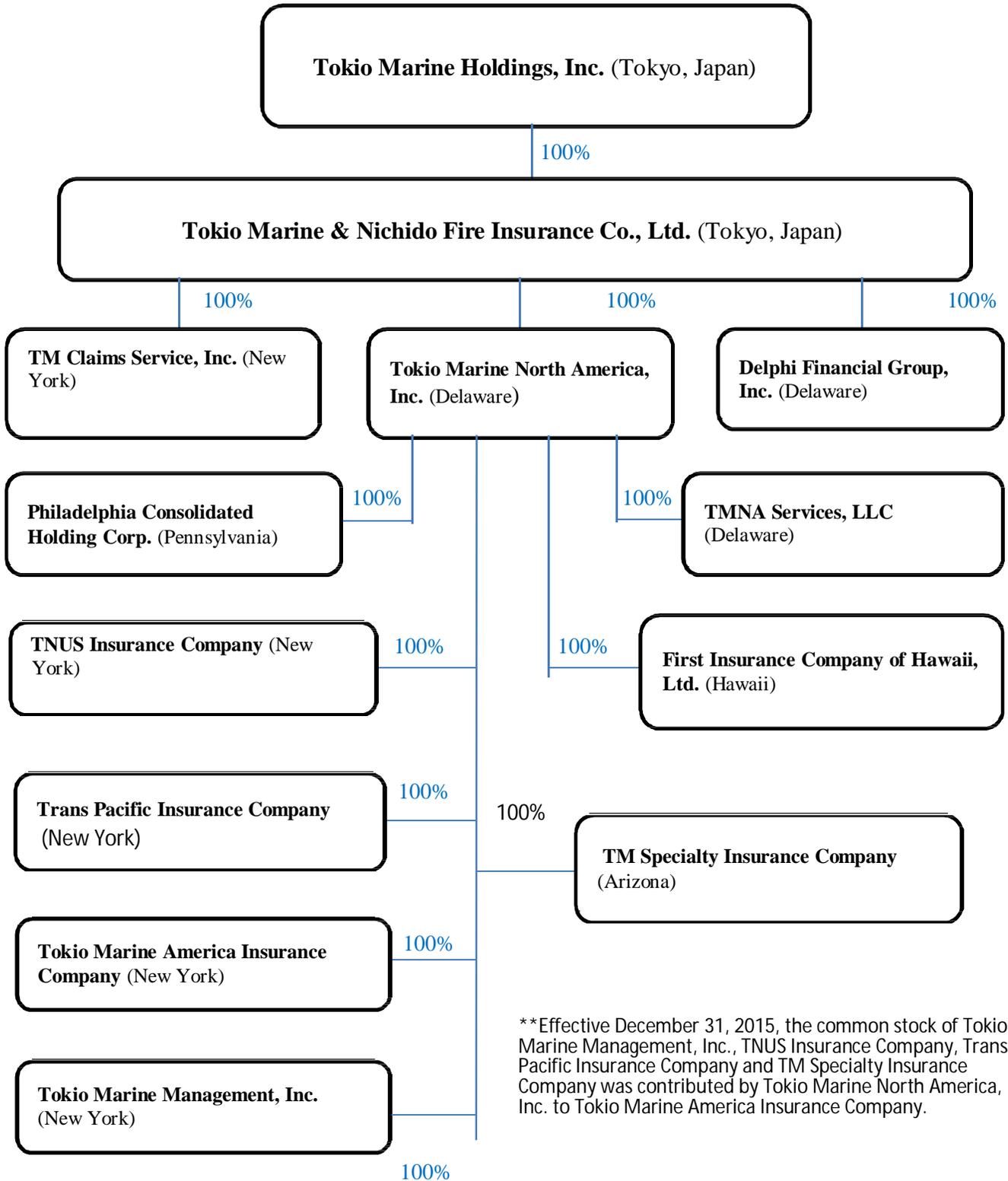
During the period covered by this examination, the Company commuted various reinsurance agreements where it is was a ceding reinsurer. These commutations resulted in a gain to the Company's surplus position.

D. Holding Company System

Tokio Marine America Insurance Company is a member of the Tokio Marine Group. The Company is a 100% wholly-owned subsidiary of Tokio Marine North America, Inc., an insurance holding company domiciled in the state of Delaware that is a wholly-owned subsidiary of Tokio Marine & Nichido Fire Insurance Co., Ltd., an insurance company domiciled in Japan which is ultimately controlled by Tokio Marine Holdings, Inc., an insurance holding company organized under the Companies Act of Japan and publicly trading on the Tokyo Stock Exchange and the Osaka Securities Exchange.

A review of the Holding Company Registration Statements filed with this Department indicated that such filings were complete and were filed in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

The following is an abridged chart of the holding company system at December 31, 2014:



As of December 31, 2014, TMAIC was party to the following agreements with other members of its holding company system:

Service Agreement

Effective February 26, 2013, the Company entered into a service agreement with TMNA Services, LLC, to provide for certain services such as accounting, human resources, legal, investment, actuarial, enterprise risk management, and information technology to the Company.

Management Agreement

Effective February 26, 2013, the Company entered into a management agreement with Tokio Marine Management, Inc. under which the Manager will provide certain management services in respect to the Company's business in the United States, such as: claims, underwriting, policyholder services, producer management, collection and handling of premiums and other funds, reinsurance, marketing support, product development and administration, and facilities.

Tax Allocation Agreement

Effective May 30, 2014, the Company entered into an intercompany tax allocation agreement. The terms of the agreement name Tokio Marine North America, Inc. ("TMNA") as the parent for the Group Companies. The parties to the agreement agree that TMNA shall file a consolidated federal income tax return on behalf of the Group Companies. The parties include: TMNA, TMAIC, TMM, TPI, TM Specialty Insurance Company and TNUS.

Capital Support Agreement

Effective January 1, 2014, TMNF-Japan entered into a capital support agreement with TMAIC, TPI, TMS and TNUS. The agreement states that TMNF-Japan will provide certain support to the companies to maintain their respective financial strength ratings.

All agreements subject to approval and non-disapproval were filed with the Department pursuant to Section 1505 of the New York Insurance Law.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2014, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	50%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	68%
Premiums in course of collection to surplus as regards policyholders	7%

All of the above ratios fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners.

The underwriting ratios presented below are on an earned/incurred basis and encompass the five year period covered by this examination:

	<u>Amounts</u>	<u>Ratios</u>
Losses and loss adjustment expenses incurred	\$842,921,006	68.15%
Other underwriting expenses incurred	472,952,771	38.24
Net underwriting loss	<u>(79,019,173)</u>	<u>(6.39)</u>
Premiums earned	<u>\$1,236,854,604</u>	<u>100.00%</u>

3. FINANCIAL STATEMENTS

A Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2014 as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$1,123,805,560	\$ 0	\$1,123,805,560
Common stocks (stocks)	\$116,332	0	116,332
Cash, cash equivalents and short-term investments	40,822,568	0	40,822,568
Investment income due and accrued	10,622,608	0	10,622,608
Uncollected premiums and agents' balances in the course of collection	52,566,996	17,939,749	34,627,247
Deferred premiums, agents' balances and installments booked but deferred and not yet due	52,153,523	386,625	51,766,898
Accrued retrospective premiums	17,158,875	1,715,888	15,442,987
Amounts recoverable from reinsurers	19,143,900	0	19,143,900
Funds held by or deposited with reinsured companies	10,188,384	0	10,188,384
Current federal and foreign income tax recoverable and interest thereon	4,206,446	0	4,206,446
Net deferred tax asset	36,139,694	7,966,072	28,173,622
Funds held by others	3,119,731	0	3,119,731
Prepaid expenses	1,198,249	0	1,198,249
Salvage / recoveries receivable	5,002,370	0	5,002,370
Miscellaneous assets	<u>1,068,902</u>	<u>61,881</u>	<u>1,007,021</u>
Totals	<u>\$1,377,314,138</u>	<u>\$28,070,215</u>	<u>\$1,349,243,923</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and loss adjustment expenses	\$747,045,887
Reinsurance payable on paid losses and loss adjustment expenses	2,442,897
Commissions payable, contingent commissions and other similar charges	2,534,213
Other expenses (excluding taxes, licenses and fees)	337,992
Taxes, licenses and fees (excluding federal and foreign income taxes)	1,961,676
Unearned premiums	124,652,383
Ceded reinsurance premiums payable (net of ceding commissions)	26,767,134
Funds held by company under reinsurance treaties	363,246
Amounts withheld or retained by company for account of others	1,348,107
Remittances and items not allocated	1,124,528
Provision for reinsurance	2,331,853
Payable to parent, subsidiaries and affiliates	2,620,504
Retro reinsurance reserve ceded	(69,170,033)
Miscellaneous liability - retro	5,902,190
Other liabilities	<u>1,661,977</u>
 Total liabilities	 <u>\$851,924,554</u>

Surplus and Other Funds

Other gain on retroactive reinsurance – restricted surplus	\$5,529,668
Common capital stock	5,000,100
Gross paid in and contributed surplus	22,649,900
Unassigned funds (surplus)	<u>464,139,701</u>
 Surplus as regards policyholders	 <u>\$ 497,319,369</u>
 Total liabilities, surplus and other funds	 <u>\$1,349,243,923</u>

Note: The Internal Revenue Service (“IRS”) completed its audit of the Company’s (formerly known as Tokio Marine & Nichido Fire Insurance Co., Ltd. (US Branch)) Federal Income Tax returns through tax year 2009. The Company’s Federal Income Tax Returns for Tax years 2010 – 2012 are currently under a limited scope examination by the IRS. There have been no findings thus far and the Company continues to respond to IRS requests for information.

B. Statement of Income

The net income for the examination period was \$164,202,366 as detailed as follows:

Underwriting Income

Premiums earned		\$1,236,854,604
Deductions:		
Losses and loss adjustment expenses incurred	\$842,921,006	
Other underwriting expenses incurred	<u>472,952,771</u>	
Total underwriting deductions		<u>1,315,873,777</u>
Net underwriting gain or (loss)		(79,019,173)

Investment Income

Net investment income earned	246,883,880	
Net realized capital gain	<u>15,241,816</u>	
Net investment gain		262,125,696

Other Income

Net gain or (loss) from agents' or premium balances charged off	(3,586,928)	
Gain on retroactive reinsurance restricted surplus	5,529,668	
Miscellaneous income	<u>104,964</u>	
Total other income		<u>2,047,704</u>

Net income before dividends to policyholders and before federal and foreign income taxes		\$ 185,154,227
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Dividends to policyholders		<u>1,141,047</u>
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Net income after dividends to policyholders but before federal and foreign income taxes		\$ 184,013,180
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Federal and foreign income taxes incurred		<u>19,810,814</u>
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Net Income		<u>\$ 164,202,366</u>
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C Capital and Surplus

Surplus as regards policyholders decreased \$83,214,580 during the five year examination period January 1, 2010 through December 31, 2014, detailed as follows:

Surplus as regards policyholders per report on examination as of December 31, 2009			\$580,533,949
	<u>Gains in</u>	<u>Losses in</u>	
	<u>Surplus</u>	<u>Surplus</u>	
Net income	\$164,202,366		
Net unrealized capital gains or (losses)	20,824,864		
Change in net deferred income tax		\$14,528,209	
Change in nonadmitted assets	8,517,970		
Change in provision for reinsurance	2,887,847		
Cumulative effect of changes in accounting principles		4,385,439	
Net remittances from or (to) home office		225,733,979	
Dividends to stockholders	<u>0</u>	<u>35,000,000</u>	
Total gains and losses	<u>\$196,433,047</u>	<u>\$279,647,627</u>	
Net increase (decrease) in surplus			<u>(83,214,580)</u>
Surplus as regards policyholders per report on examination as of December 31, 2014			<u>\$497,319,369</u>

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$747,045,887 is the same as reported by the Company as of December 31, 2014. The examination analysis of the loss and loss adjustment expense reserves was conducted in accordance with generally accepted actuarial principles and statutory accounting principles, including the NAIC Accounting Practices & Procedures Manual, Statement of Statutory Accounting Principle No. 55 (“SSAP No. 55”).

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained 6 recommendations as follows (page numbers refer to the prior report):

<u>ITEM</u>	<u>PAGE NO.</u>
A	
<u>Management</u>	
It was recommended that the Branch make a more diligent effort to obtain signed conflict of interest statements.	5
It is additionally recommended that the Branch obtain signed conflict of interest statements from all directors and officers at the time they are hired and/or elected.	
The Company has complied with this recommendation.	
B	
<u>Account and Records</u>	
i. It was recommended that the Branch determine its non-admitted agents’ balances based on amounts that are more than ninety days past due, pursuant to the provisions of SSAP No. 6.	14
The Company has complied with this recommendation.	
ii. It was recommended that the Branch implement policies and procedures to ensure the claim system captures and maintains accurate and updated information that is consistent with claim files.	15
The Company has complied with this recommendation.	

- iii. It is recommended that the Branch enhance its claim system to limit the number and amount of payments that can be processed after a claim has been closed. 15

The Company has complied with this recommendation.

C Trustee Surplus Statement

- i. It is recommended that in determining the net amount of its liabilities in the United States on its Trusteed Surplus Statement, the Branch only include deductions that are permitted pursuant to Section 1312(a)(2) of the New York Insurance Law. 21

The Company has complied with this recommendation.

6. **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

There are no comments or recommendations for this report.

Respectfully submitted,

_____/s/
Kevin McNamee
Senior Insurance Examiner

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

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

_____/s/
Kevin McNamee

Subscribed and sworn to before me

this _____ day of _____, 2016.

APPOINTMENT NO. 31222

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, **BENJAMIN M. LAWSKY**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

Kevin McNamee

as a proper person to examine the affairs of the

Tokio Marine America Insurance Company

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

COMPANY

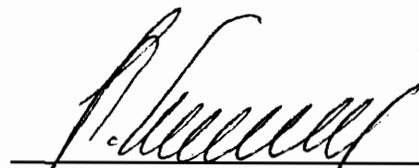
with such other information as he shall deem requisite.

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

this 6th day of April, 2015

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:



Rolf Kaumann
Deputy Chief Examiner

