REPORT ON EXAMINATION

OF THE

ATLANTA INTERNATIONAL INSURANCE COMPANY

AS OF

DECEMBER 31, 2011

DATE OF REPORT	APRIL 5, 2013
EXAMINER	ADEBOLA AWOFESO

TABLE OF CONTENTS

NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

April 5, 2013

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
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 30889 dated October 9, 2012, attached hereto, I have made an examination into the condition and affairs of Atlanta International Insurance Company as of December 31, 2011, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Atlanta International 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 administrative office located at 100 First Stamford Place, Stamford, CT 06902.

1. SCOPE OF EXAMINATION

The Department has performed an individual examination of the Company, a multi-state insurer. The previous examination was conducted as of December 31, 2006. This examination covered the five year period from January 1, 2007 through December 31, 2011. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

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. 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
Statutory deposits
Financial statements
Summary of recommendations

A review was also made to ascertain what action was 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 or rules, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company was incorporated on January 21, 1929, under the laws of the State of New York under the sponsorship of the Yorkshire Group and began business January 22, 1929. Operations of the Company were conducted under the title Seaboard Fire and Marine Insurance Company of New York from organization until October 1, 1975 and as Drake Insurance Company of New York from that date until January 1, 1980 when the name Atlanta International Insurance Company was adopted.

The Company ceased its underwriting operations in March 1985, and since that time, management has directed the run-off of the Company’s inventory of claims.

Effective August 7, 2009, all of the outstanding shares of common stock of the Company were acquired by National Indemnity Company, a subsidiary of Berkshire Hathaway Inc., from Aon Services Group, Inc., as subsidiary of Aon Corporation (Aon).

At December 31, 2011, capital paid in was $2,560,932 consisting of 142,274 shares of common stock at $18 par value per share. Gross paid in and contributed surplus was $65,341,052. Gross paid in and contributed surplus increased by $59,200,000 during the examination period, as follows:

Year	Description		Amount
2007	Beginning gross paid in and contributed surplus		$ 6,141,052
2009	Release of surplus notes	$49,200,000	
2009	Capital contribution	10,000,000	
	Total Surplus Contributions		59,200,000
2011	Ending gross paid in and contributed surplus		$65,341,052

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 members. At December 31, 2011, the board of directors was comprised of the following seven members:

Name and Residence	Principal Business Affiliation
Erika Bunner Duffy, Fairfield, CT	Vice President & Secretary, Finial Reinsurance Company
Dale David Geistkemper Omaha, NE	Treasurer & Controller, National Indemnity Insurance Company
Forrest Nathan Krutter, Greenwich, CT	Senior Vice President & Secretary, National Indemnity Company
Joseph Rocco Liuzzi, Media, PA	Vice President, Berkshire Hathaway Reinsurance Division
Raj Ramesh Mehta Stamford, CT	Assistant Vice President, National Indemnity Insurance Company and National Fire and Marine Insurance Company
Carmel Mary O'Sullivan, New York, NY	Controller, Atlanta International Insurance Company
Brian Gerald Snover, Stamford, CT	Vice President & General Counsel, Berkshire Hathaway Reinsurance Division

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 has an acceptable record of attendance.

As of December 31, 2011, the principal officers of the Company were as follows:

Name	Title
Raj Ramesh Mehta	President
Carmel Mary O'Sullivan	Controller
Dale David Geistkemper	Treasurer
Erika Bunner Duffy	Secretary

B. Territory and Plan of Operation

As of December 31, 2011, the Company was licensed to write business in forty-two states and the District of Columbia.

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:

Paragraph	Line of Business
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

In addition, the Company is licensed to transact such workers' compensation insurance as may be incidental to coverages contemplated under Paragraphs 20 and 21 of Section 1113(a) of the New York Insurance Law, including insurances 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).

Based on the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of $2,200,000.

In 1985, the Company ceased all underwriting operations. Since that time, management has directed the run-off of the Company's inventory of claims. Pursuant to Section 1203(b) of New York

Insurance Law, the Company must obtain prior approval from the superintendent before resumption of an insurance business.

C. Reinsurance

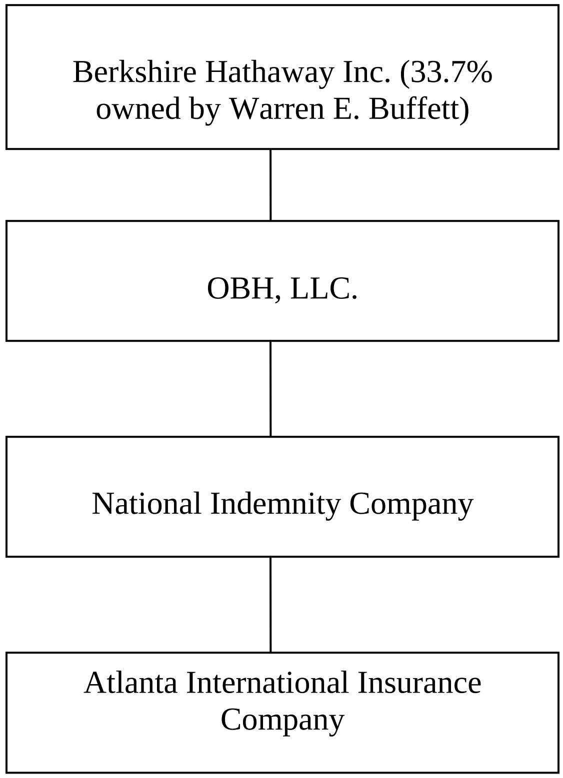
Effective March 1985, the Company voluntarily ceased writing new and renewal business. Prior to that date, the Company wrote multiple line property and casualty reinsurance covers. As of December 31, 2011, the Company had no ceded reinsurance agreements in effect. Claims, however continue to be ceded to the active retrocessionaires on the applicable ceded reinsurance agreements.

D. Holding Company System

The Company is a member of the Berkshire Hathaway Group. The Company is 100% owned by National Indemnity Company, a Nebraska domiciled corporation, which is ultimately controlled by Berkshire Hathaway Inc. (33.7% owned by Warren E. Buffett).

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 abbreviated chart of the holding company system at December 31, 2011:



At December 31, 2011, the Company was party to the following agreements with other members of its holding company system:

Tax Allocation Agreement

Effective August 8, 2009, the Company is party to a tax allocation agreement with various affiliates and its ultimate parent, Berkshire Hathaway, Inc. Pursuant to the terms of the agreement, the parties will file consolidated federal income tax returns. Said agreement stipulates that the Company's tax liability on a consolidated basis would not exceed the liability had the Company filed its tax return on a stand alone basis.

The agreement was filed with the Department as part of National Indemnity Company's ("NICO") application for acquisition of control of the Company, pursuant to Section 1506 of the New York Insurance Law.

Inter-Company Service Agreement

Effective September 28, 2009, the Company, NICO and National Liability & Fire Insurance Company ("NL&F") entered into an Inter-Company Service Agreement. Pursuant to the agreement, both NICO and NL&F agree to perform certain administrative, claims handling and other services on behalf of the Company and make available certain property, equipment and facilities.

The agreement was filed with the Department as part of NICO's application for acquisition of control of the Company, pursuant to Section 1506 of the New York Insurance Law.

Investment Services Agreement

Effective September 1, 2009, the Company and NICO entered into an Investment Services Agreement. Pursuant to the agreement, NICO will act as an investment manager of the Company.

The agreement was filed with the Department as part of NICO's application for acquisition of control of the Company, pursuant to Section 1506 of the New York Insurance Law.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2011, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	N/A*
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	60%
Premiums in course of collection to surplus as regards policyholders	N/A*

*Both the Net premiums written to surplus as regards policyholders and premiums in course of collection to surplus as regards policyholders ratios are not applicable due to the Company's run-off status.

The second ratio falls within the benchmark range set forth in the Insurance Regulatory Information System ("IRIS") 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:

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$24,581,056	1024.29%
Other underwriting expenses incurred	1,889,718	78.74
Net underwriting loss	(24,070,962)	(1003.04)
Premiums earned	$ 2,399,812	100.00%

The underwriting ratios are unusual due to the Company's run-off status.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2011 as determined by this examination and as reported by the Company:

Assets	Assets	Examination Assets Not Admitted	Net Admitted Assets
Bonds	$ 8,961,073	$ 0	$ 8,961,073
Preferred stocks	3,200,000		3,200,000
Common stocks	638,400		638,400
Cash, cash equivalents and short-term investments	33,798,431		33,798,431
Receivables for securities	1,250		1,250
Investment income due and accrued	181,214		181,214
Amounts recoverable from reinsurers	330,358		330,358
Current federal and foreign income tax recoverable and interest thereon	296,539		296,539
Net deferred tax asset	1,023,667	1,023,667	0
Total assets	$48,430,932	$1,023,667	$47,407,265

Liabilities and surplus	Examination	Company	Increase (Decrease)
Losses and loss adjustment expenses	$26,481,220	$24,781,220	$(1,700,000)
Reinsurance payable on paid losses and loss adjustment expenses	16,724	16,724	
Other expenses (excluding taxes, licenses and fees)	258	258	
Ceded reinsurance premiums payable (net of ceding commissions)	679,123	679,123	
Funds held by company under reinsurance treaties	278,118	278,118	
Provision for reinsurance	670,549	670,549	
Payable to parent, subsidiaries and affiliates	112,493	112,493	
Payable for securities	1,790	1,790	
Total liabilities	$28,240,275	$26,540,275	$(1,700,000)
Common capital stock	$2,560,932	$2,560,932	$ 0
Gross paid in and contributed surplus	65,341,052	65,341,052	0
Unassigned funds (surplus)	(48,734,994)	(47,034,994)	(1,700,000)
Surplus as regards policyholders	$19,166,990	$20,866,990	$(1,700,000)
Total liabilities and surplus	$47,407,265	$47,407,265	

Note 1: The Internal Revenue Service has completed its audits of the Company's consolidated Federal Income Tax returns through tax year 2009. All material adjustments, if any, made subsequent to the date of examination and arising from said audits, are reflected in the financial statements included in this report. Audits covering tax years 2010 through 2011 are currently under examination. The examiner is unaware of any potential exposure of the Company to any tax assessment and no liability has been established herein relative to such contingency.

Note 2: Examination adjustments are on a pre-tax basis.

B. Statement of Income

Surplus as regards policyholders increased $3,302,152 during the five-year examination period January 1, 2007 through December 31, 2011, detailed as follows:

Underwriting Income		
Premiums earned		$ 2,399,812
Deductions:		
Losses and loss adjustment expenses incurred	$24,581,056	
Other underwriting expenses incurred	1,889,718	
Total underwriting deductions		26,470,774
Net underwriting loss		$ (24,070,962)
Investment Income		
Net investment income earned	$ 4,594,420	
Net realized capital gain	46,350	
Net investment gain		4,640,770
Other Income		
Miscellaneous income	$ 11,103,224	
Total other income		11,103,224
Net income before federal and foreign income taxes		$ (8,326,968)
Federal and foreign income taxes incurred		(2,052,314)
Net income		$ (6,274,654)

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders per report on examination as of December 31, 2006			$15,864,838
Net income		$ 6,274,654	
Net unrealized capital gains or (losses)		105,040	
Change in net deferred income tax	$ 801,231		
Change in non-admitted assets		883,034	
Change in provision for reinsurance		236,351	
Change in surplus notes		49,200,000	
Surplus paid in	59,200,000	0	
Total gains and losses	$60,001,231	$56,699,079	
Net increase (decrease) in surplus			3,302,152
Surplus as regards policyholders per report on examination as of December 31, 2011			$19,166,990

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $26,481,220 is $1,700,000 more than the $24,781,220 reported by the Company as of December 31, 2011. The examination analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company's internal records and in its filed annual statements.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A	Management	
i.	It was recommended that the Company reconstitute its board of directors to meet the requirements as set forth in Section 1201 (a)(5)(B)(v) of the New York Insurance Law and its by-laws. The Company has complied with this recommendation.	5
ii.	It was recommended that the Company adhere to the provisions of Section 1411(a) of the New York Insurance Law. The Company has complied with this recommendation.	5
iii.	It was recommended that the Company exercise due care in obtaining and maintaining signed conflict of interest questionnaires from its board of directors, officers and employees. The Company has complied with this recommendation.	6
B.	Accounts and Records	
i.	It was recommended that the Company age its paid loss and loss adjustment expense recoverable balances based on the terms of the reinsurance contracts pursuant to the provisions of the Annual Statement Instructions for Property and Casualty Insurance Companies from the National Association of Insurance Commissioners. The Company has complied with this recommendation.	13

ITEM		PAGE NO.
ii.	It was recommended that the Company continue its efforts to locate the assumed reinsurance contract with Riunione Adriatica di Sicurta. The Company has complied with this recommendation.	13
iii.	It was recommended that the Company comply with the provisions of Section 307(b) of the New York Insurance Law and Department Regulation 118 with respect to its written engagement contracts with its CPA. The Company has complied with this recommendation.	14
iv.	It was recommended that the Company formalize a written management service agreement with FFG Insurance Company and file such with the Department pursuant to the provisions of Section 1505 of the New York Insurance Law. This recommendation is no longer applicable as FFG no longer provides services to the Company.	14

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

This report contains no comments or recommendations.

Respectfully submitted,

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Adebola Awofeso,
Senior Insurance Examiner

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

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

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Adebola Awofeso

Subscribed and sworn to before me

this__________ day of ____________________, 2013.

APPOINTMENT NO.____30889

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:*

Adebola Awofeso

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as a proper person to examine the affairs of the

ATLANTA INTERNATIONAL 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 9th day of October, 2012

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

Jean Marie Cho
Deputy Superintendent

NEW YORK STATE ★ DEPARTMENT OF FINANCIAL SERVICES ★ EXCELSIOR