REPORT ON EXAMINATION

OF THE

UNITED STATES BRANCH OF SAMSUNG FIRE & MARINE INSURANCE COMPANY, LTD.

AS OF

DECEMBER 31, 2005

DATE OF REPORT	FEBRUARY 9, 2007
EXAMINER	JAMES MURPHY

TABLE OF CONTENTS

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

February 9, 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 22513 dated June 6, 2006 attached hereto, I have made an examination into the condition and affairs of the United States Branch of the Samsung Fire & Marine Insurance Company, Ltd. as of December 31, 2005, and submit the following report thereon.

Wherever the designation “the Branch” appears herein without qualification, it should be understood to indicate the United States Branch of the Samsung Fire & Marine Insurance Company, Ltd.

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

Wherever the terms “Company” or “Home Office” appears herein without qualification, they should be understood to mean the Samsung Fire & Marine Insurance Company, Ltd.

The examination was conducted at the offices of the Branch’s United States Manager, Chubb Multinational Manager, Inc. located at 15 Mountain View Road, Warren, New Jersey 07061.

1. SCOPE OF EXAMINATION

The previous examination was conducted as of December 31, 2000. This examination covered the five-year period from January 1, 2001 through December 31, 2005. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination comprised a verification of assets and liabilities as of December 31, 2005. The examination included a review of income, disbursements and branch records deemed necessary to accomplish such analysis or verification and utilized, to the extent considered appropriate, work performed by the Branch's independent certified public accountants ("CPA"). A review or audit was also made of the following items as called for in the Examiners Handbook of the National Association of Insurance Commissioners ("NAIC"):

History of Branch
Management and control
Corporate records
Fidelity bond and other insurance
Territory and plan of operation
Growth of Branch
Business in force by states
Loss experience
Reinsurance
Accounts and records
Financial statements

A review was also made to ascertain what action was taken by the Branch 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, which involve departures from laws, regulations or rules, or which are deemed to require explanation or description.

2. DESCRIPTION OF BRANCH

The Branch was established under New York law on April 1, 1990 as the United States Branch of The Ankuk Fire & Marine Insurance Company, Ltd. ("the Home Office"), an insurer incorporated under the laws of the Republic of Korea on May 15, 1956. On December 6, 1993, the name of the Home Office was changed to Samsung Fire & Marine Insurance Company, Ltd. and the Branch officially adopted its present title on January 4, 1994.

The Branch keeps in trust as required by law, for the exclusive benefit of its policyholders and creditors, funds sufficient to cover liabilities and statutory deposit requirements. The Branch funds which are trusteed, are subject to withdrawal only with the consent of the Department. The funds trusteed on December 31, 2005 with JP Morgan Chase, United States ("U.S.") Trustee, or deposited with state insurance departments for the protection of all policyholders, amounted to $46,563,151. The Branch's minimum surplus requirement is $2,800,000. The Branch had $23,268,676 in trusteed surplus as of December 31, 2005.

A. Management

The Branch has no directors or principal officers. The Chubb Multinational Manager Inc. was appointed under a power of attorney agreement dated September 18, 1989, to act as true and lawful attorney-in-fact, agent and manager for the operation of the Branch in the United States. The managing directors of Chubb Multinational Manager Inc. as of December 31, 2005 were as follows:

Name and Residence	Principal Business Affiliation
Joel David Aronchick Madison, NJ	Vice President, Chubb Multinational Manager Inc.
Walter Brian Barnes Annandale, NJ	Vice President and Actuary, Chubb Multinational Manager Inc.
Henry Gregory Gulick Middletown, NJ	Vice President Chubb Multinational Manager Inc.
Thomas Firouz Motamed Saddle River, NJ	President, Chubb Multinational Manager Inc.
Douglas Alan Nordstrom Cranford, NJ	Vice President and Treasurer, Chubb Multinational Manager 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 has an acceptable record of attendance.

As of December 31, 2005, the principal officers of Chubb Multinational Manager Inc. were as follows:

Name	Title
Thomas Firouz Motamed	President
Arthur J. Beaver	Vice President
Paul J. Krump	Vice President
Robert A. Marzocchi	Vice President
Dino E. Robusto	Vice President
Henry Bruce Schram	Vice President
Walter Brian Barnes	Vice President and Actuary
William Andrew Macan	Vice President and Secretary
Douglas Alan Nordstrom	Vice President and Treasurer

The Company did not provide sufficient documentation that would indicate that the investments made by the Branch's investment manager on behalf of the Company were approved by the home office's board of directors in accordance with Section 1411(a) of the New York Insurance Law.

It is recommended that the U.S. Branch's home office comply with the provisions of Section 1411(a) of the New York Insurance Law. It is noted that a similar recommendation was included in the prior report on examination.

B. Territory and Plan of Operation

As of December 31, 2005, the Branch was licensed to write business in New York and California. However, the Branch writes business only in New York.

As of the examination date, the Branch 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
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity

The Branch is also empowered to transact such workers' compensation insurance as may be incident to coverages contemplated under paragraphs 20 and 21 of Section 1113(a), 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). The Branch's authority to write insurance is limited to the writing of contracts issued for delivery in the United States, insuring risks of policyholders within the United States.

Certificate of Authority

Section 1106(e) of the New York Insurance Law states:

> "Except as otherwise specifically provided in this chapter no foreign insurer and no United States branch of an alien insurer shall be or continue to be authorized to do an insurance business in this state if it fails to comply substantially with any requirement or limitation of this chapter, applicable to similar domestic insurers hereafter to be organized, which in the judgment of the superintendent is reasonably necessary to protect the interests of the people of this state."

Section 1102(b) of the New York Insurance Law states:

> "No corporation organized under any law of this state shall do an insurance business outside this state unless so authorized pursuant to the provisions of this chapter or exempted by the provisions of this chapter from such requirement".

The Branch's California license contains the authority to write legal insurance. However, the Branch's New York license does not contain the authority to write legal insurance.

The Branch's minimum financial requirements and authority to do business is predicated upon its New York licensed authority pursuant to provisions of Section 1102 and Article 41 of the New York Insurance Law.

Therefore, it is recommended that the Branch take the steps necessary to conform its licenses outside this state to its New York license.

Based upon the lines of business for which the Branch is licensed and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Branch is required to maintain a trusteed surplus in the amount of $2,800,000.

The following schedule shows the direct premiums written by the Branch in New York for the period under examination:

Calendar Year	New York State
2001	$7,223,048
2002	$6,198,816
2003	$5,640,249
2004	$11,187,527
2005	$12,016,666

C. Reinsurance

Assumed

The Branch entered into a quota share agreement with Chubb & Son, Inc. as manager and/or agent for the account of various companies including among others Federal Insurance Company (“Federal”), Great Northern Insurance Company, Pacific Indemnity Company and Executive Risk Indemnity Inc., whereby the Branch assumes 100% of the liability applicable to business on U.S. risks which are written directly by the companies as an accommodation to the Branch. The aforementioned quota share agreement was not amended to include Executive Risk Indemnity Inc. as a participant.

It is recommended that the quota share agreement with Chubb & Son, Inc. be amended to include Executive Risk Indemnity Inc. as a participant.

Assumed reinsurance accounted for 53.9% of the Branch’s gross premium written at December 31, 2005. During the period covered by this examination, the Branch’s assumed reinsurance business has remained relatively stable since the last examination. The Branch’s assumed reinsurance program consists solely of the above referenced agreement. The significant lines assumed are commercial multiple peril, workers’ compensation and product liability - occurrence.

Ceded

The Branch had the following reinsurance program in effect at December 31, 2005:

Quota Share Agreement (100% authorized)

The Branch entered into a 50% quota share agreement with Chubb & Son, Inc. as manager and/or agent for the account of various companies including, among others, Federal Insurance Company, Great Northern Insurance Company, Pacific Indemnity Company and Vigilant Insurance Company (collectively, "the reinsurers"). Although Schedule F Part 3 of the Branch's 2005 annual statement showed premiums and losses ceded to several of the reinsurers listed on the agreement, there was nothing in the agreement that indicated how it was determined to which reinsurer(s) the business was ceded.

It is recommended that the Branch amend the agreement to indicate how the cessions to each reinsurer are determined.

The business ceded under this agreement includes the following risks meeting the reinsurer’s underwriting standards:

a. The Branch’s 100% assumption of the reinsurer’s participation in the Samsung U.S. Branch accommodation business insuring U.S. risks placed with the reinsurer and ceded to the Branch.

b. Business written directly by the Branch insuring U.S. risks.

Marine Cargo Facultative Obligatory Reinsurance Agreement (100% unauthorized)

The reinsurance contract provided to the examiners indicated that the reinsurer shall be liable for not more than $2,500,000 per any one conveyance and $5,000,000 per any one location. Additionally, the Branch provided a reinsurance contract summary spreadsheet that indicated that the limits were amended to $4 million per conveyance and $7 million per location effective June 1, 1996 to January 1, 1998 and subsequently amended to $6 million per conveyance and $10 million per location. However, the Branch provided only the original contract and could not produce any subsequent amendments to support the revised limits indicated on the reinsurance contract summary spreadsheet.

It is recommended that the Branch maintain all documents related to its reinsurance agreements, including any amendments.

Casualty Excess of Loss Reinsurance Agreement (Only 90% Ceded) (100% authorized)

Section A

The reinsurer shall be liable for the amount of each ultimate net loss in excess of $250,000 each loss, each policy subject to a limit of liability to the reinsurer of $750,000 each loss, each policy, subject to a maximum limit of liability of $1,500,000 each loss occurrence.

Section B

As respects any loss occurrence involving at least two policies, the reinsurer shall be liable for the amount of each ultimate net loss in excess of $250,000 each and every loss occurrence subject to a limit of liability to the reinsurer of $750,000 each and every loss occurrence. In no event shall the reinsurer be liable for more than $2,250,000 for all loss occurrences under this section.

The maximum limit of liability to the reinsurer under sections A and B combined for any loss occurrence directly or indirectly attributable to an act of terrorism shall not exceed $1,500,000 for the term of the contract.

Cargo Excess of Loss Reinsurance Agreement (100% unauthorized)

$14,350,000 x/s $650,000 of ultimate net loss each risk, each loss.

Cargo Excess of Loss Reinsurance Agreement – Terrorism (100% unauthorized)

The Branch shall retain the first $500,000 of ultimate net loss each risk, each loss. The reinsurer shall indemnify the Branch for the amount by which the ultimate net loss exceeds the Branch's retention, but the liability of the reinsurer shall not exceed $4,500,000 ultimate net loss each risk, each loss. The event limit is $4,500,000.

Fire & Engineering Excess of Loss Reinsurance Agreement (100% unauthorized)

$8,800,000 x/s $1,200,000 ultimate net loss, each risk, each loss. Event limit of $10,000,000 of ultimate net loss.

The Branch was unable to provide executed copies of the cargo excess of loss and the fire and engineering excess of loss reinsurance agreements. Paragraph 23 of NAIC Accounting and Procedures Manual, Statements of Statutory Accounting Principles ("SSAP") 62 requires that:

> "If an agreement has not been finalized, reduced to a written form and signed by the parties within nine months after the commencement of the policy period covered by the reinsurance arrangement, then the arrangement is presumed to be retroactive and shall be accounted for as a retroactive reinsurance agreement."

No examination change has been made for these agreements. However, it is recommended that the Branch execute all reinsurance agreements within nine months after commencement and maintain such executed agreements for review.

Fire & Engineering Excess of Loss Reinsurance Agreement – Terrorism (100 % unauthorized)

The Branch shall retain the first $500,000 of ultimate net loss each risk, each loss. The reinsurer shall indemnify the Branch for the amount by which the ultimate net loss exceeds the Branch's retention, but the liability of the reinsurer shall not exceed $4,500,000 ultimate net loss each risk, each loss. The event limit is $4,500,000.

Cessions to unauthorized companies has not changed substantially since the last exam. It is the Branch's policy to obtain the appropriate collateral for its significant cessions to unauthorized reinsurers. The Branch had one letter of credit ("LOC") in effect at December 31, 2005. This letter of credit was reviewed for compliance with Department Regulation 133. The beneficiary section of the letter of credit reads “Chubb Group of Insurance Companies as Manager and/or Agent for Samsung Fire and Marine Insurance Company Ltd., US Branch.”

It is recommended that Chubb Multinational Manager, Inc. be listed as the manager in the beneficiary section of the letter of credit because it has the power of attorney to act on behalf of the Branch.

The letter of credit indicates that it is payable at The Bank of Nova Scotia office specifically indicated in the LOC “or such other office as we may advise from time to time”.

It is recommended that the letter of credit wording be amended to remove the phrase “or such other office as we may advise from time to time” in order to ensure that the letter of credit is only payable at an office of the bank within the United States that is on the NAIC's list of approved banks.

All 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.

Section 1308(e)(1)(B) of the New York Insurance Law states, in part, that:

> “During any period of twelve consecutive months, without the superintendent’s permission: no alien insurer, except life, shall by any reinsurance agreement or agreements, involving the withdrawal or transfer of any interest in any of its trusteed assets in the United States, cede an amount of its insurance on which the total gross reinsurance premiums are more than fifty percent of the unearned premiums on the net amount of its insurance in force in the United States, at the beginning of such period.”

The Department granted approval for the Branch to cede an amount in excess of the 50% limitation prescribed by Section 1308(e)(1)(B) of the New York Insurance Law, for 1997. However, the Branch has failed to submit since then, any subsequent amendments to the reinsurance contracts, nor did it submit additional reinsurance treaties that it became a party to subsequent to 1997, for our review in accordance with Section 1308(e)(1)(B) of the New York Insurance Law.

Thus, it is recommended that the Branch submit its currently effective reinsurance contracts to the Department, as well as any subsequent amendments thereto and any new contracts it becomes a party to, for our review in accordance with Section 1308(e)(1)(B) of the New York Insurance Law. It is noted that the prior report contained a recommendation regarding compliance with Section 1308(e) of the New York Insurance Law.

It is noted that several of the Branch's reinsurance agreements with Korean Reinsurance Company provided coverage for extra contractual obligations, which may include coverage for punitive damages. It is against the public policy of this state, as determined by New York courts, to insure punitive damages. Therefore, any contract that provides coverage for extra contractual obligations should either specifically exclude punitive damages or contain a "savings clause" as follows: "in no event shall coverage be provided to the extent that such coverage is not permitted under New York Law".

Thus, it is recommended that the Branch ensure that its reinsurance contracts containing extra contractual obligations clauses either specifically exclude punitive damages or contain a "savings clause", as coverage for punitive damages is against the public policy of New York State.

Paragraph 8d of SSAP 62 dealing with required terms for property and casualty reinsurance agreements states:

> "The agreement must provide for reports of premiums and losses, and payment of losses, no less frequently than on a quarterly basis, unless there is no activity during the period."

The majority of the Branch's reinsurance agreements in effect as of December 31, 2005 did not provide that reports be provided and losses paid no less frequently than on a quarterly basis.

It is recommended that the Branch comply with Paragraph 8d of SSAP 62 and amend its reinsurance agreements to provide for reports of premiums and losses, and payment of losses, no less frequently than on a quarterly basis, unless there is no activity during the period.

Additionally, management of Chubb Multinational Manager, Inc. 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 president and treasurer of the Branch's United States Manager, Chubb Multinational Manager, Inc., pursuant to NAIC Annual Statement Instructions. Additionally, examination review indicated that the Branch did not appear to be a party to any finite reinsurance agreements.

D. Holding Company System

Samsung Fire & Marine Insurance Company, Ltd., Korea is affiliated with the Samsung Group, which is the largest conglomerate in Korea. The Samsung Group is comprised of the following affiliates:

Finance

Samsung Fire and Marine Insurance Co., Ltd.
Samsung Life Insurance Co., Ltd.
Samsung Card Co., Ltd.
Samsung Securities Co., Ltd.
Samsung Investment Trust Management Co., Ltd.
Samsung Venture Investment Corporation.

Electronics

Samsung Electronics Co., Ltd.
Samsung SDI Co., Ltd.
Samsung Electro-Mechanics Co., Ltd.
Samsung Corning Co., Ltd.
Samsung Corning Precision Glass Inc.
Samsung SDS Co., Ltd.
Samsung Networks Inc.

Chemicals

Samsung Total Petrochemicals Co., Ltd.
Samsung Petrochemical Co., Ltd.
Samsung Fine Chemicals Co., Ltd.
Samsung BP Chemicals Co., Ltd.

Machinery

Samsung Heavy Industries Co., Ltd.
Samsung Techwin Co., Ltd.

Other Samsung Companies

Samsung Corporation
Cheil Industries Inc.
The Shilla Hotels & Resorts
S1 Corporation
Samsung Medical Center
Samsung Advanced Institute of Technology
Samsung Welfare Foundation
Samsung Engineering Co., Ltd.
Samsung Everland Inc.
Cheil Communications Inc.
Samsung Lions
Samsung Economic Research Institute
Samsung Foundation of Culture

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2005, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	.50:1
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	60%
Premiums in course of collection to surplus as regards policyholders	6%

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:

	Amounts	Ratios
Losses and loss adjustment expenses incurred	$17,980,042	40.37%
Other underwriting expenses incurred	14,707,347	33.02
Net underwriting gain	11,848,102	26.61
Premiums earned	$44,535,491	100.00%

F. Accounts and Records

CPA Contracts

The CPA engagement letters dated May 20, 2006 and March 17, 2005 do not meet the following requirements of Part 89.2 of Department Regulation 118:

"Such contract must specify that:

> (a) on or before May 31st, the CPA shall provide an audited financial statement of such insurer and of any subsidiary required by section 307(b)(1) of the Insurance Law together with an opinion on the financial statements of such insurer and any such subsidiary for the prior calendar year and an evaluation of the insurer's and any such subsidiary's accounting procedures and internal control systems as are necessary to the furnishing of the opinion;

> (b) any determination by the CPA that the insurer has materially misstated its financial condition as reported to the superintendent or that the insurer does not meet minimum capital or surplus to policyholder requirements set forth in the Insurance Law shall be given by the CPA, in writing, to the superintendent within 15 calendar days following such determination; and
>
> (c) the workpapers and any communications between the CPA and the insurer relating to the audit of the insurer shall be made available for review by the superintendent at the offices of the insurer, at the Insurance Department or at any other reasonable place designated by the superintendent. The CPA must retain for review such workpapers and communications in accordance with the provisions of Part 243 of this Title (Regulation 152). More specifically, such workpapers and communications must be retained by the CPA for the period specified in sections 243.2(b)(7) and (c) of this Title. For the purposes of this subdivision, the workpapers and communications shall be deemed to have been created on the date the filing required by section 89.2(a) of this Part was submitted to the superintendent."

It is recommended that the US Branch comply with Department Regulation 118 by entering into future contracts with its independent Certified Public Accountant that contain the requisite provisions.

3. FINANCIAL STATEMENTS

A Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2005 as determined by this examination and as reported by the Branch:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$41,923,422	$ 0	$41,923,422
Cash, cash equivalents and short-term investments	6,323,199	0	6,323,199
Receivables for securities	55,880	0	55,880
Investment income due and accrued	319,405	0	319,405
Uncollected premiums and agents' balances in the course of collection	1,815,099	162,781	1,652,318
Amounts recoverable from reinsurers	781,003	0	781,003
Net deferred tax asset	1,225,138	752,821	472,317
Aggregate write-ins for other than invested assets	3,629,605	76,796	3,552,809
Total assets	$56,072,751	$992,398	$55,080,353

Liabilities, Surplus and Other Funds

Losses and loss adjustment expenses		$18,456,978
Other expenses (excluding taxes, licenses and fees)		64,564
Taxes, licenses and fees (excluding federal and foreign income taxes)		304
Current federal and foreign income taxes		317,233
Unearned premiums		3,678,496
Ceded reinsurance premiums payable (net of ceding commissions)		2,267,744
Provision for reinsurance		144,000
Payable for securities		4,351,286
Total liabilities		$29,280,605
Surplus and Other Funds		
Aggregate write-ins for other than special surplus funds	$1,925,000	
Unassigned funds (surplus)	23,874,748	
Surplus as regards policyholders		25,799,748
Total liabilities, surplus and other funds		$55,080,353

NOTE: The Internal Revenue Service has not conducted any audits of the Branch's Federal income tax returns. The examiner is unaware of any potential exposure of the Branch to any tax assessment and no liability has been established herein relative to such contingency.

B. Underwriting and Investment Exhibit

Surplus as regards policyholders increased $16,144,382 during the five-year examination period January 1, 2001 through December 31, 2005, detailed as follows:

Underwriting Income		
Premiums earned		$44,535,491
Deductions:		
Losses and loss adjustment expenses incurred	$17,980,042	
Other underwriting expenses incurred	14,707,347	
Total underwriting deductions		32,687,389
Net underwriting gain or (loss)		$11,848,102
Investment Income		
Net investment income earned	$8,094,741	
Net realized capital gain	236,137	
Net investment gain or (loss)		8,330,878
Net income before dividends to policyholders and before federal and foreign income taxes		$20,178,980
Dividends to policyholders		0
Net income after dividends to policyholders but before federal and foreign income taxes		$20,178,980
Federal and foreign income taxes incurred		7,229,531
Net income		$12,949,449

Capital and Surplus

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders per report on examination as of December 31, 2000			$9,655,366
Net income	$12,949,449		
Net unrealized capital gains or losses	23		
Change in net deferred income tax		$22,246	
Change in non-admitted assets	33,351		
Change in provision for reinsurance	2,769,404		
Cumulative effect of changes in accounting principles	408,633		
Net remittances from or (to) home office	5,768	0	
Total gains and losses	$16,166,628	$22,246	
Net increase (decrease) in surplus			16,144,382
Surplus as regards policyholders per report on examination as of December 31, 2005			$25,799,748

C. Trusteed Surplus Statement

The following statement shows the trusteed surplus of the Branch calculated in accordance with Section 1312 of the New York Insurance Law and as determined by this examination:

Assets		
Securities deposited with state insurance departments for the protection of all policyholders and creditors within the United States:		
New York	$1,935,385	
Total general deposits		$1,935,385
Vested in and held by United States Trustee:		
Cash	$ 5,954,067	
Bonds	38,383,743	
Accrued investment income	289,956	
Total vested in and held by United States Trustee		44,627,766
Total assets		$46,563,151
Liabilities		
Total liabilities and reserves as determined by this examination		$29,280,605
Deductions from liabilities:		
Reinsurance recoverable on paid losses and loss adjustment expenses:		
Authorized companies	$475,621	
Unauthorized companies	305,382	
Agents balances and uncollected premiums	1,652,318	
Other Deductions	3,552,809	
Total deductions		5,986,130
Total adjusted liabilities		$23,294,475
Trusteed surplus		23,268,676
Total adjusted liabilities and trusteed surplus		$46,563,151

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $18,456,978 is the same as the amount reported by the Branch as of December 31, 2005. The examination analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Branch's internal records and in its filed annual statements.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	Management	
	It is recommended that the US Branch's home office adhere to the provisions of Section 1411(a) of the New York Insurance Law.	5
	The Branch's home office has not complied with this recommendation and a similar recommendation is contained in this report. See Section 2(A).	
B.	Reinsurance	
	It is recommended that in the future, the Branch obtain the permission of the superintendent before ceding more than fifty percent of its unearned premium during any period of twelve consecutive months in accordance with Section 1308(e) of the New York Insurance Law.	8
	While the Branch obtained approval to cede more than 50% of its unearned premiums for 1997 it did not submit changes to its reinsurance program since that date in accordance with Section 1308(e) of the New York Insurance Law. Thus, the current report contains a recommendation regarding compliance with Section 1308(e) of the New York Insurance Law. See section 2(C).	

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Management	
	It is recommended that the US Branch's home office comply with the provisions of Section 1411(a) of the New York Insurance Law. It is noted that a similar recommendation was included in the prior report on examination.	4
B.	Territory and Plan of Operation	
	It is recommended that the Branch take the steps necessary to conform its licenses outside this state to its New York license.	6
C.	Reinsurance	
i.	It is recommended that the quota share agreement with Chubb & Son, Inc. be amended to include Executive Risk Indemnity Inc. as a participant.	6
ii.	It is recommended that the Branch amend the agreement to indicate how the cessions to each reinsurer are determined.	7
iii.	It is recommended that the Branch maintain all documents related to its reinsurance agreements, including any amendments.	8
iv.	It is recommended that the Branch execute all reinsurance agreements within nine months after commencement and maintain such executed agreements for review.	9
v.	It is recommended that Chubb Multinational Manager, Inc. be listed as the manager in the beneficiary section of the letter of credit because it has the power of attorney to act on behalf of the Branch.	10
vi.	It is recommended that the letter of credit wording be amended to remove the phrase "or such other office as we may advise from time to time" in order to ensure that the letter of credit is only payable at an office of the bank within the United States that is on the NAIC's list of approved banks.	10
vii.	It is recommended that the Branch submit its currently effective reinsurance contracts to the Department, as well as any subsequent amendments thereto and any new contracts it becomes a party to, for our review in accordance with Section 1308(e)(1)(B) of the New York Insurance Law. It is noted that the prior report contained a recommendation regarding compliance with Section 1308(e) of the New York Insurance Law.	10

ITEM		PAGE NO.
viii.	It is recommended that the Branch ensure that its reinsurance contracts containing extra contractual obligations clauses either specifically exclude punitive damages or contain a "savings clause", as coverage for punitive damages is against the public policy of New York State.	11
ix.	It is recommended that the Branch comply with Paragraph 8d of SSAP 62 and amend its reinsurance agreements to provide for reports of premiums and losses, and payment of losses, no less frequently than on a quarterly basis, unless there is no activity during the period.	11
D.	Accounts and Records	
	It is recommended that the US Branch comply with Department Regulation 118 by entering into future contracts with its independent Certified Public Accountant that contain the requisite provisions.	14

Respectfully submitted,

/s/
James Murphy
Principal Insurance Examiner

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

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

/s/
James Murphy

Subscribed and sworn to before me

this__________ day of ____________________, 2009.

Appointment No 22513

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, HOWARD MILLS, *Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

James Murphy

as proper person to examine into the affairs of the

SAMSUNG FIRE & MARINE INSURANCE COMPANY, LIMITED (UNITED STATES BRANCH)

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

Branch

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 6th *day of June, 2006*

HOWARD MILLS
Superintendent of Insurance