REPORT ON EXAMINATION

OF THE

RAMPART INSURANCE COMPANY

AS OF

DECEMBER 31, 2007

DATE OF REPORT	MARCH 24, 2009
EXAMINER	JOSEPH REVERS

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

March 24, 2009

Honorable Eric R. 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 30279 dated December 2, 2008 attached hereto, I have made an examination into the condition and affairs of Rampart Insurance Company as of December 31, 2007, and submit the following report thereon.

Wherever the designation "the Company" or "Rampart" appear herein without qualification, it should be understood to indicate Rampart Insurance Company. In addition, wherever the designation "Groupama" appears herein without qualification, it should be understood to indicate the Company's parent, Groupama International.

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 Company's home office located at 5 Hanover Square, New York, NY 10004.

1. SCOPE OF EXAMINATION

The Department has performed a multi-state examination of Rampart Insurance Company. The previous examination was conducted as of December 31, 2002. This examination covered the five year period from January 1, 2003 through December 31, 2007. 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, 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 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 Financial Condition Examiners Handbook of the NAIC:

Significant subsequent events
Company history
Management and control
Fidelity bonds and other insurance
Territory and plan of operation
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, which involve departures from laws, regulations or rules, or which are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

Rampart Insurance Company was incorporated under the laws of the State of New York on September 13, 1979 as GAN Anglo-American Insurance Company and commenced writing business on May 30, 1980. The Company's name was changed to GAN National Insurance Company on October 16, 1992.

On August 2, 1999, Sorema North America Reinsurance Company ("Sorema") acquired 100% of the stock of GAN National Insurance Company from GAN International. The Company's name was changed to Rampart Insurance Company on August 25, 1999. The stock purchase agreement contained a guaranty of the December 31, 1998 loss and loss adjustment expense reserves by GAN International. The agreement required the guaranty to be commuted on December 31, 2008 and also provided that Sorema pay 80% of any reserve redundancy at the time of the commutation to GAN International.

On July 31, 2001, pursuant to a stock purchase agreement, Groupama International acquired 100% of the stock of the Company from Sorema. The reserve guaranty to Sorema was terminated and the guaranties were transferred to the Company. The Company is obligated to pay Groupama 80% of any redundancy in its December 31, 1998 loss reserves as developed through December 31, 2008. Since December 31, 2001, the Company has maintained a liability on its balance sheet representing the amount due Groupama under the terms of the agreement. Subsequent to its sale, the Company ceased writing new business.

At December 31, 2007, capital paid in was $5,000,000 consisting of 1,002 shares of common stock at $4,990.02 par value per share. Gross paid in and contributed surplus was $117,712,169. On January 18, 2006, pursuant to a plan of stock redemption and retirement, the Company repurchased from its parent, Groupama International, 236 shares of its common stock at an aggregate price of $10,022,856, representing the book value of the redeemed shares. The Company then retired the repurchased shares and, through a charter amendment, increased the par value of the remaining 1002 shares from $4,038.78 per share to $4,990.02 per share. As a result of this transaction, the Company's paid in capital decreased from $5,000,010 to $5,000,000 and its gross paid in and contributed surplus decreased by $10,022,846. The plan of stock redemption and retirement was approved by this Department. Gross paid in and contributed surplus decreased by $10,022,846 during the examination period, as follows:

Year	Description		Amount
2002	Beginning gross paid in and contributed surplus		$127,735,015
2006	Distribution to parent from stock redemption	$(10,022,856)	
	Change in common capital stock	10	
	Total surplus distributions		(10,022,846)
2007	Ending gross paid in and contributed surplus		$117,712,169

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 thirteen nor more than twenty-one members. The board met two times during each calendar year. At December 31, 2007, the board of directors was comprised of the following thirteen members:

Name and Residence	Principal Business Affiliation
Mark P. Bronzo White Plains, NY	Managing Director, Gartmore Global Investments
Robert M. Brown Brooklyn, NY	Retired
Rene Cado Chaville, France	Director, Groupama S.A.
Jean-Louis Charles Paris, France	Managing Director, Groupama S.A.
Charles de Tinguy Rome, Italy	Managing Director, Groupama S.A
Pierre Erbs Paris, France	Managing Director, Groupama S.A
Jean-François Lemoux Paris, France	Managing Director, Groupama International

Name and Residence	Principal Business Affiliation
Joseph O’Connor Briarcliff Manor, NY	Managing Director, Gartmore Global Investments
Daniel W. Portanova Ho-Ho-Kus, NJ	Managing Director, Gartmore Global Investments
Mark J. Purcell Staten Island, NY	President & Chief Executive Officer, Rampart Insurance Company
Daniel Sidobre Paris, France	Directeur Juridique, Groupama S.A.
John T. Speckman Lakewood, NJ	Claims Officer, Rampart Insurance Company
Marc M. Tract Brookville, NY	Partner, KMZ Rosenman

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, 2007, the principal officers of the Company were as follows:

Name	Title
Mark J. Purcell	President
Christiane Strano	Secretary
Peter Henry	Treasurer

B. Territory and Plan of Operation

As of December 31, 2007, 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
29	Legal services

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 $4.4 million.

During 1998, the Company stopped writing business and went into run-off. The Company briefly began writing business again in the 3rd quarter of 2000, but ceased again concurrent with its sale to Groupama International on July 31, 2001. All new business written in 2000 and subsequent has been ceded 100% to General Security National Insurance Company.

Effective October 1, 2002, the Company entered into a loss portfolio transfer and assumption agreement with its subsidiary, Western Continental Insurance Company ("WCIC"), whereby the Company has assumed all of the outstanding liabilities of WCIC for underwriting years 1999 and prior. This agreement was entered into in preparation of the sale of WCIC, which took place in February 2003.

The Company's current focus is managing the runoff of business written prior to 2000 as well as various reinsurance contracts previously assumed that are also in runoff. The Company currently has no plans to resume writing business.

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

Calendar Year	New York State	Total Premiums	Premiums Written in New York State as a percentage of Total Premium
2003	$ 1,517	$ 589	257.56%
2004	$11,044	$11,044	100.00%
2005	$ 0	$ 0	0.00%
2006	$ 0	$ 0	0.00%
2007	$ 0	$ 0	0.00%

C. Reinsurance

As of December 31, 2007, the Company had no reinsurance coverages in effect.

Examination review of the Schedule F data reported by the Company in its filed annual statement was found to accurately reflect 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.

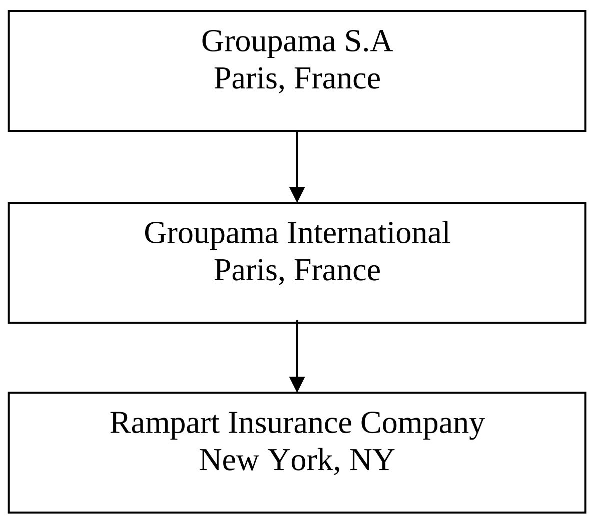
During the period covered by this examination, the company commuted various reinsurance agreements where it was an assuming reinsurer. These commutations had an immaterial effect on the Company's surplus position.

D. Holding Company System

The Company is a member of the Groupama Group. The Company is 100% owned by Groupama International, a French Company, which is ultimately controlled by Groupama S.A., another French Company.

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 No. 52.

The following is a chart of the holding company system at December 31, 2007:



E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2007, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	0%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	95%
Premiums in course of collection to surplus as regards policyholders	0%

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	$35,606,316	31,549.94%
Other underwriting expenses incurred	1,859,205	1,647.40
Net underwriting loss	(37,352,664)	(33,097.34)
Premiums earned	$ 112,857	100.00%

The underwriting ratios above are unusual due to the fact that the Company is in runoff and has not written a significant amount of premiums during the examination period.

F. Accounts and Records

Custodial Agreement

The review of the Custodial Agreement dated December 17, 1999, between Rampart Insurance Company and its custodian bank revealed that certain required provisions were either not found in the custodial agreement, or not worded in accordance with NAIC guidelines. It is, therefore, recommended that the Company amend its custodial agreement to comply with the NAIC Financial Examiner's Handbook Part 1 Section IV J.

Subsequent to the examination date, the Company amended its custodial agreement with its bank to include the missing provisions.

Certified Public Accountants ("CPA") Contract

The engagement letter between the Company and its independent CPA firm dated October 30, 2007, does not meet the following requirements of Part 89.2 of Department Regulation No. 118, which states that 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 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 Company comply with Department Regulation No. 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, 2007, as determined by this examination and as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$50,843,223	$ 0	$50,843,223
Cash, cash equivalents and short-term investments	2,576,947		2,576,947
Receivable for securities	300,000		300,000
Investment income due and accrued	832,955		832,955
Uncollected premiums and agents' balances in the course of collection	(542,451)		(542,451)
Amounts recoverable from reinsurers	729,066		729,066
Funds held by or deposited with reinsured companies	27,460,704		27,460,704
Electronic data processing equipment and software	10,018		10,018
Furniture and equipment, including health care delivery assets	2,451	2,451	0
Other receivables	3,342	3,342	0
Leasehold improvements	1,403	1,403	0
Prepaid expenses	43,397	43,397	0
Loss fund account	18,541		18,541
Rent deposits	22,167	0	22,167
Total assets	$82,301,763	$50,593	$82,251,170

Liabilities, Surplus and Other Funds	Examination	Company	Surplus Increase (Decrease)
Losses	$41,848,201	$32,748,201	($9,100,000)
Reinsurance payable on paid losses and loss adjustment expenses	801,220	801,220	0
Loss adjustment expenses	8,947,519	8,947,519	0
Ceded reinsurance premiums payable (net of ceding commissions)	59,239	59,239	0
Funds held by company under reinsurance treaties	168,440	168,440	0
Amounts withheld or retained by company for account of others	100,000	100,000	0
Remittances and items not allocated	0	0	0
Provision for reinsurance	165,907	165,907	0
Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0
Aggregate write-ins for liabilities	8,882,632	8,882,632	0
Total liabilities	$60,973,158	$51,873,158	($9,100,000)
Surplus and Other Funds			
Aggregate write-ins for special surplus funds	($1,201,445)	($1,201,445)	$0
Common capital stock	$5,000,000	$5,000,000	0
Gross paid in and contributed surplus	117,712,169	117,712,169	0
Unassigned funds (surplus)	(100,232,712)	(91,132,712)	($9,100,000)
Surplus as regards policyholders	$21,278,012	$30,378,012	($9,100,000)
Total liabilities, surplus and other funds	$82,251,170	$82,251,170	

NOTE: The Internal Revenue Service ("IRS") has not audited the Company's tax returns covering tax years 2003 through 2007. 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.

B. Underwriting and Investment Exhibit

Surplus as regards policyholders decreased $6,983,303 during the five-year examination period January 1, 2003 through December 31, 2007, detailed as follows:

Underwriting Income		
Premiums earned		$ 112,857
Deductions:		
Losses incurred	$26,716,428	
Loss adjustment expenses incurred	8,889,888	
Other underwriting expenses incurred	1,859,205	
Total underwriting deductions		37,465,521
Net underwriting gain or (loss)		$(37,352,664)
Investment Income		
Net investment income earned	$12,831,300	
Net realized capital gain	1,448,566	
Net investment gain or (loss)		14,279,866
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (146,184)	
Aggregate write-ins for miscellaneous income	2,514,868	
Total other income		2,368,684
Net income after dividends to policyholders but before federal and foreign income taxes		$(20,704,114)
Federal and foreign income taxes incurred		109,635
Net income		$(20,813,749)

C. Capital and Surplus Accounts

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders per report on examination as of December 31, 2002			$37,361,317
Net income		$20,813,751	
Net unrealized capital gains or (losses)	$12,474,604		
Change in non-admitted assets	960,747		
Change in provision for reinsurance	1,317,953		
Capital changes paid in		10	
Surplus adjustments paid in	0	10,022,846	
Total gains and losses	$14,753,304	$30,836,607	
Net increase (decrease) in surplus			(16,083,303)
Surplus as regards policyholders per report on examination as of December 31, 2007			$21,278,014

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $50,795,720 is $9,100,000 more than the $41,695,720 reported by the Company in its December 31, 2007 filed annual statement. 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. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The review was general in nature and is not to be construed to encompass the more precise scope of a market conduct investigation, which is the responsibility of the Market Conduct Unit of the Property Bureau of this Department.

The general review was directed at practices of the Company in the following areas:

A. Claims and complaint handling

No problem areas were encountered.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

ITEM		PAGE NO.
A.	Board of Directors	
	It was recommended that board members who are unable to attend meetings consistently should resign or be replaced.	5
	The Company has complied with this recommendation.	
B.	Accounts and Records	
	It was recommended that the Company change its investment portfolio to comply with the investment requirements of Section 1402 of the New York Insurance Law.	17
	The Company has complied with this recommendation.	
C.	Loss Adjustment Expenses	
	It was recommended that the Company establish the necessary procedures so as to provide adequate reserves for unpaid unallocated loss adjustment expenses on all future financial statements filed with this Department in order to comply with the requirements of Section 1303 of the New York Insurance Law.	24
	The Company has complied with this recommendation.	

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Accounts and Records	
i.	It is recommended that the Company amend its custodial agreement to comply with the NAIC Financial Examiner's Handbook Part 1 Section IV J. Subsequent to the examination date, the Company amended its custodial agreement with its bank to include the missing provisions.	9
ii.	It is recommended that the Company comply with Department Regulation No. 118 by entering into future engagement letter contracts with its independent certified public Accountant that contain the requisite provisions.	10

Respectfully submitted,

______________/s/______________
Joseph Revers, CFE
Senior Insurance Examiner

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

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

______________/s/______________
Joseph Revers

Subscribed and sworn to before me

this__________ day of ____________________, 2009.

Appointment No. 30279

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:*

Joseph Revers

as proper person to examine into the affairs of the

RAMPART INSURANCE COMPANY

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

Company

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 2nd *day of* December, *2008*

STATE OF NEW YORK ★ SUPERINTENDENT OF INSURANCE ★ EXCELSIOR

Eric Dinallo

ERIC R. DINALLO
Superintendent of Insurance