REPORT ON EXAMINATION

OF THE

UNITED STATES BRANCH OF THE

TOKIO MARINE AND FIRE INSURANCE COMPANY, LIMITED

AS OF

DECEMBER 31, 2000

DATE OF REPORT SEPTEMBER 6, 2002

EXAMINER ISAAC ZAMDAS

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

George E. Pataki
Governor

Gregory V. Serio
Superintendent

September 6, 2002

Honorable Gregory V. Serio
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 21780 dated September 21, 2001, attached hereto, I have made an examination into the condition and affairs of the United States Branch of the Tokio Marine and Fire Insurance Company, Limited, Tokyo, Japan as of December 31, 2000 and respectfully submit the following report thereon.

The examination was conducted at the Branch's home office located at 101 Park Avenue, New York, New York 10178.

Wherever the designation "the Branch" appears herein without qualification, it should be understood to indicate the United States Branch of the Tokio Marine and Fire Insurance Company, Ltd.

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

1. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 1996. This examination covered the four year period from January 1, 1997 through December 31, 2000 and was limited in its scope to a review or audit of only those balance sheet items considered by this Department to require analysis, verification or description, including: invested assets, inter-company balances, losses and loss adjustment expense reserves and the provision for reinsurance. Concurrently examined with the Company were the Trans Pacific Insurance Company and TM Casualty Insurance Company, subsidiaries of the Branch. Reports on examination are issued separately for Trans Pacific Insurance Company and TM Casualty Insurance Company. The examination included a review of income, disbursements and Company records deemed necessary to accomplish such analysis or verification and utilized, to the extent considered appropriate, work performed by the Company's independent certified public accountants. 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:

History of Company
Management and control
Corporate records
Fidelity bond and other insurance
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Reinsurance
Accounts and records
Financial statements

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

The Tokio Marine and Fire Insurance Company, Limited, Tokyo, Japan was established in 1879 and was reorganized in 1944 under the Laws of Japan. The Company started its branch office operations in the United States in 1911. Such operations were maintained until the outbreak of World War II, at which time the Company suspended its operations in the United States. The Company re-entered the United States on December 30, 1955 and later resumed its operations under the Laws of the State of New York.

Tokio Fire and Marine Insurance Company, Ltd. (United States Branch) operates as the branch of its foreign parent, the Tokio Marine and Fire Insurance Company, Limited, Tokyo, (Japan). The United States property/casualty segment of the Tokio Marine and Fire Insurance Company, Limited, Tokyo (Japan) is represented by eight companies, which collectively comprise the Tokio Marine and Fire Insurance Group. The Branch is the lead insurer of this group. The Branch's holding company system is further described in item 2D herein.

A. Management

United States Manager

From December 30, 1955 to December 31, 1976, the Branch was managed by Appleton and Cox, Inc. During 1976, the Tokio Marine and Fire Insurance Company, Limited, Tokyo, Japan (home office) formed Tokio Marine Management, Inc. under the laws of the State of New York and by power of attorney, appointed this company as its United States Manager effective January 1, 1977. The power of attorney authorizes the United States Manager to represent the home office in all business affairs of its United States Branch and the insurance business which the Branch shall be authorized to transact under the laws and authority of the United States or of any state, territory or district thereof.

The nine directors of the United States Manager together with their residence and principal business affiliations as of December 31, 2000 were as follows:

Name and Residence	Principal Business Affiliation
Fumiaki Namekawa New York, NY	Senior Vice-President, Tokio Marine Management, Inc.
Kazuo Kawabata New York, NY	Senior Vice-President, Tokio Marine Management, Inc.
Yoshifumi Kobayashi New York, NY	Senior Vice-President, Tokio Marine Management, Inc.
Toshio Nakamura New York, NY	Senior Vice-President, Tokio Marine Management, Inc.
Morio Ishii New York, NY	Chairman, President and Chief Executive Officer, Tokio Marine Management, Inc.
Harvey Sherman New York, NY	Senior Vice-President, Tokio Marine Management, Inc.
Wayne Sparks Ridgewood, NJ	Senior Vice-President, Treasurer, and Controller, Tokio Marine Management, Inc.
Shin-ichi Asami San Gabriel, CA	Executive Vice-President, Tokio Marine Management, Inc.
Hirotsugu Umeki New York, NY	Senior Vice-President, Tokio Marine Management, Inc.

As of December 31, 2000, the principal officers of the United States Manager were as follows:

Name	Title
Morio Ishii	Chairman, President and Chief Executive Officer
Shin-ichi Asami	Executive Vice-President
Toshio Nakamura	Senior Vice-President
Wayne Sparks	Senior Vice-President, Treasurer and Controller
Yoshifumi Kobayashi	Senior Vice-President
Hirotsugu Umeki	Senior Vice-President
Harvey Sherman	Senior Vice-President
Kazuo Kawabata	Senior Vice-President
B. Steven Goldstein	Corporate Vice-President, Secretary and General Counsel

Management Agreement

The management agreement between Tokio Marine Management, Inc. ("TMM") and the Tokio Marine and Fire Insurance Company, Limited, (Japan) has been in effect since January 1, 1977. Under the terms of this Agreement, the Branch has appointed TMM as its United States Manager for the transactions of the business of insurance on behalf of the Branch as defined in its power of attorney agreement from the Branch, inclusive of underwriting, claims handling and other necessary functions.

The Branch also maintains a reinsurance management agreement with Tokio Re Corporation ("Tokio Re"), a wholly-owned subsidiary of the Branch. This agreement has been in effect since September 24, 1979. In accordance with the terms of this Agreement, the Branch has appointed Tokio Re as its Deputy United States Manager (reinsurance manager) for the transaction of the business of reinsurance on behalf of the Branch inclusive of underwriting and other necessary functions.

The aforementioned agreements also generally provide that the managers shall deliver a monthly account current setting forth totals of all transactions undertaken on behalf of the Branch. The agreements may be varied by an exchange of letters signed by the respective parties, and may be terminated with at least six months previous written notice to the other party or by mutual agreement.

United States Trustee

The Tokio Marine and Fire Insurance Company, Limited, Tokyo, (Japan) appointed the Bank of Tokyo Trust Company as its United States trustee by a deed of trust, effective December 20, 1977, pursuant to Section 1315 of the New York Insurance Law.

Pursuant to the deed of trust, the trustee shall have the power to receive securities and property belonging to the Company. Legal title of such securities and property shall be vested in the trustee. The trustee shall hold the securities and property for security of all policyholders and creditors of the Company within the United States. The trustee shall execute all business transactions with the written direction of the board of directors, or the Company's United States manager representing the United States Branch. The trusteed assets shall not be withdrawn, other than for income or dividend earnings or as specified in Section 1315(e)(3) of the New York Insurance Law, without the approval of the superintendent. Any modification or amendment to the deed of trust shall not become effective unless approved by the superintendent.

The trustee may resign or be removed provided that no such resignation or removal shall be effective until a successor has been appointed and has qualified and has been approved by the superintendent.

Conflict of Interest Questionnaires

The Company's conflict of interest questionnaires for the examination period were reviewed. It was noted that new officers and directors did not complete the conflict of interest questionnaires in the year in which they were appointed.

Subsequent to the examination period the Company initiated procedures wherein all new officers and directors completed a conflict of interest questionnaire upon their appointment. No conflicts of interest were noted.

B. Territory and Plan of Operation

The Branch is authorized to transact business in all fifty states as well as the District of Columbia and the Commonwealth of Puerto Rico. The following schedule shows the direct premiums written by the Branch in New York State and country wide for the calendar years during the examination period, and the percentages which the New York premiums bear to the countrywide premiums:

Direct Premiums Written

Calendar Year	New York State	Total United States	Percentage of U.S Premiums Written in New York
1997	$33,381,096	$226,021,328	14.8%
1998	$29,178,643	$215,284,709	13.6%
1999	$27,009,228	$205,272,214	13.2%
2000	$27,292,908	$226,512,206	12.0%

As of December 31, 2000, 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
3(i)	Accident and health
4	Fire
5	Miscellaneous property damage
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

The Branch is also licensed to transact such workers' compensation insurance as may be incident to coverages contemplated under paragraphs 20 and 21 of Section 1113, of the New York Insurance Law including insurances described in the Longshoremen's and Harbor Workers' Compensation Act (Public Law No. 803, 69th Congress as amended; 33 U.S. Section 901 et seq. as amended), provided that the authority conferred by this license shall be limited to the writing of contracts issued for delivery within the United States, insuring risks of policyholders within the United States.

Based upon the lines of business for which the Branch is licensed and pursuant to the requirements of Article 13, of the New York Insurance Law, the United States Branch of the Tokio Marine and Fire Insurance Company, Limited, Tokyo, Japan is required to maintain a minimum surplus to policyholders in the amount of $4,300,000.

The business of the Branch is developed through a network of independent agents and brokers. The Branch also participates in several pools/associations such as the National Council on Compensation

Insurance, Industrial Risk Insurers, Improved Risk Mutuals, Commonwealth Auto Reinsurance and American Offshore Insurance Syndicate.

C. Reinsurance

Schedule F data as contained in the Branch's annual statements filed for the years within the examination period was found to accurately reflect its reinsurance transactions.

Assumed Reinsurance

At December 31, 2000, the Branch's assumed business was managed by its United States Manager, Tokio Marine Management, Inc., and its reinsurance manager, Tokio Re Corporation with a majority of such business being managed by Tokio Re Corporation.

In 2000, the Branch's assumed business represented more than twenty-one percent of its total premium writings. During the period covered by this examination the Branch's assumed business as a ratio of its total writings ranged from over forty-two percent in 1997 and decreased to twenty-one percent in 2000.

On January 1, 1998, the Branch entered into a 100% Quota Share Reinsurance Agreement with a former affiliate, Houston General Insurance Company ("HG"), wherein the Branch accepted 100% of HG's policies, contracts and binders of insurance and reinsurance. The Branch reported assumed premiums on the transaction of $115,844,292. The Branch is currently running off the HG book of business.

Ceded Reinsurance

All ceded reinsurance contracts effected during the examination period were reviewed. A review of such contracts show that all the contracts contained the required standard clauses including insolvency clauses meeting the requirements of Section 1308 of the New York Insurance Law.

The prior report on examination noted that two quota share agreements did not contain insolvency clauses meeting the requirements of Section 1308 of the New York Insurance Law. A review of the Branch's agreements show that all of the reinsurance agreements contained the above provision.

As of the examination date, the Branch had the following reinsurance program in effect, which is managed by the Branch's U.S. Manager, Tokio Marine Management:

Type of Contract	Limits and Retention
Casualty & Workers' Compensation Excess of Loss	
First Excess of Loss Casualty 100% unauthorized	$3,000,000 excess of $3,000,000 ultimate net loss each loss occurrence, claims made or losses discovered, subject to a maximum annual aggregate of $12,000,000. This treaty also provides coverage for losses occurring, claims made or losses discovered during the period 12/31/85 to 12/31/88. For the period ended 12/31/85 to 12/31/87: $2,850,000 excess of $2,000,000. For the period ended 12/31/87 to 12/31/88: $3,000,000 excess of $2,000,000. For all periods as respect to Workers' Compensation: $1,000,000 excess of $5,000,000.

Type of Contract	Limits and Retention
Second Excess of Loss Casualty 100% unauthorized	$6,000,000 excess of $6,000,000 ultimate net loss each loss occurrence, claims made or loss discovered, subject to a maximum annual aggregate of $24,000,000.

	This treaty also provides coverage for losses occurring, claims made or losses discovered during the period 12/31/85 to 12/31/88. For the period ended 12/31/85 to 12/31/86: $7,000,000 excess of $5,000,000. For the period ended 12/31/86 to 12/31/87: $6,650,000 excess of $5,000,000. For the period ended 12/31/87 to 12/31/88: $7,000,000 excess of $5,000,000.
<u>Third Excess of Loss Casualty</u> 100% unauthorized	$18,000,000 excess of $12,000,000 ultimate net loss each loss occurrence, claims made or loss discovered. This treaty also provides coverage for losses occurring, claims made or losses discovered during the period 12/31/85 to 12/31/88. For the period ended 12/31/85 to 12/31/87: $8,000,000 excess of $12,000,000. For the period ended 12/31/87 to 12/31/88: $10,000,000 excess of $12,000,000.

*The three layers of this treaty are ceded to Tokio Marine & Fire U.K. These treaties also provide coverage on a claims made basis for losses occurring from December 31, 1985 to December 31, 1988.

<u>Type of Contract</u>	<u>Limits and Retention</u>
<u>Workers' Compensation</u> 100% Authorized	$25,000,000 excess of $20,000,000 ultimate net loss each and every loss occurrence 100% placed.
<u>Marine Excess of Loss Agreement</u> <u>Per occurrence</u>	
<u>First layer</u> 100% unauthorized	$4,500,000 excess of $500,000 ultimate net loss any one loss and/or of losses arising out of one event.

<u>Type of Contract</u>	<u>Limits and Retention</u>
<u>Second layer</u>	$17,222,222 excess of $5,000,000

	ultimate net loss, any one loss and/or of losses arising out of one event.
<u>Third layer</u>	$77,777,777 excess of $22,222,222 ultimate net loss, any one loss and/or of losses arising out of one event.
<u>Marine Quota Share</u> Marine quota share 100% unauthorized	.8% of Branch's net retained lines subject to a maximum limit of $4,000 part of $500,000 each and every loss 8% placed.
<u>Non-Marine Property</u> <u>Excess of Loss Agreement</u> <u>First layer</u> 100% unauthorized	$55,000,000 excess of $5,000,000 ultimate net losses in respect of each loss on any one risk.
<u>Second layer</u>	$120,000,000 excess of $60,000,000, ultimate net losses in respect of each loss or any one risk.

The Branch also maintains the following catastrophe cover on an occurrence basis for its property lines of business:

<u>Type of Contract</u>	<u>Limits and Retention</u>
<u>Catastrophe Excess of Loss</u> Per occurrence 100% unauthorized	$495,000,000 excess of $5,000,000 ultimate net loss each and every loss occurrence.

The Branch also maintains several quota share treaties with affiliated companies. These include 95% quota share agreements with Trans Pacific Insurance Company, TM Casualty Insurance Company and TM Specialty Insurance Company wherein the Branch assumes 95% of premiums written by the two affiliates.

The Branch maintains the following facultative agreements with both affiliates and non- affiliates:

Type of Contract	Limits and Retention
Facultative Coverage	
Facultative Reinsurance *Agreement 1000 and 2000 100% unauthorized	All facultative reinsurance policies issued or renewed by the Branch.
Boiler and Machinery Coverage (with Hartford Steam Boiler Coverage Inspection and Insurance Company) 100% authorized	Not to exceed $50,000,000 for any one risk.
Property Facultative Binding Property Agreement (with American Re) 100% authorized	A maximum limit of $5,000,000 any one risk; $3,000,000 in respect of multi-state schedules and $2,000,000 in respect of single-state schedules.

*The Cover 1000/2000 agreement allows the Branch to cede any line of business and any type of policy without any restrictions with regard to the amount ceded or the amount retained by the Company.

The Branch maintains the following reinsurance program for the business procured by its Reinsurance Manager, Tokio Re Corporation:

Type of Contract	Limits and Retention
Quota Share Coverage	
Reinsurance agreement Cover 4000 100% Unauthorized (with TMF UK)	Maximum limit of $1,000,000 any one risk, policy or contract.

In 2000, cessions to affiliates totaled $59,487,000, which represented approximately 54% of the Branch's total business ceded for that year.

D. Affiliated Companies

The wholly-owned subsidiaries of the Branch as of December 31, 2000 were as follows:

1. Trans Pacific Insurance Company, a domestic property/casualty insurer.
2. Tokio Marine Management, Inc., the United States Manager of the Branch. This Company in turn, owns Axia Services Inc, TM Claims Service, Inc. and Morita & Co., Inc.
3. TM Specialty Insurance Company, a foreign property/casualty insurer.
4. TM Casualty Insurance Company, a domestic/casualty insurer.
5. Tokio Re Corporation, the Deputy U.S. Manager (reinsurance manager) of the Branch.

The Department has determined that the Branch is exempt from the provisions of Article 15 of the New York Insurance Law.

E. Internal Controls

A review of the Branch's authorized check signing lists revealed that certain employees no longer working there still had authority to sign checks. The Branch's guidelines require that the check issuance log be retained separately from the blank check stock. The examiners determined that one employee operated the check printing and check signing machines and had access to both the check issuance control log and the blank check stock.

Subsequent to the examination, the Branch instituted procedures whereby banks are notified when an employee's check signing authority is revoked. In addition, procedures have been implemented to establish segregation of functions so that the person who operates the check signing and printing machine does not have access to the check issuance control log.

F. Custodial Agreements

The Branch's custodial agreements were reviewed and found to lack various provisions which are deemed by this Department to provide necessary safeguards and to be representative of good business practices for the contents of such agreements.

The missing protective covenants and provisions referred to are as follows:

1. The bank shall have in force, for its own protection, Bankers' Blanket Bond Insurance of the broadest form available for commercial banks, and will continue to maintain such insurance. There will be 60 days written notice of any material change in the form or amount of such insurance, or termination of this coverage.

2. The bank shall at all times give the securities held hereunder the same care given to its own property of a similar nature.

3. The bank will provide the insurer (at least quarterly) with a list of such securities. showing a complete description of each issue, which shall include the number of shares of stock or par value of bonds so held at the end of such quarter.

4. The bank will maintain records sufficient to verify information that the insurer is required to report in Schedule D of the Annual Statement blank of the Insurance Department of the State of New York.

5. The bank will furnish the insurers with appropriate affidavits in the form as may be acceptable to the New York Insurance Department in order for the securities referred to in such affidavits to be recognized as admitted assets of the Company.

6. Access shall be during regular banking hours and specifying those persons who shall be entitled to examine on your premises securities held by you on your premises and your records regarding securities held, but only upon furnishing you with written instructions to that effect from any specified authorized officer.

7. There should be a provision in the agreement that would give the insurer the opportunity to secure the most recent report on the review of the custodian's system of internal controls, pertaining to the custodian record keeping, issued by internal or independent auditors.

It is recommended that the Branch amend its agreements with its custodian to include the protective covenants and provisions deemed by this Department to be representative of good business practices for the contents of such agreements.

G. Significant Operating Ratios

The following ratios have been computed as of December 31, 2000, based upon the results of this examination:

Net premiums written in 2000 to surplus as regards policyholders	.60 to 1
Liabilities to liquid assets (cash and invested assets less investment in affiliates)	86.74%
Premiums in course of collection to surplus as regards policyholders	8.26%

The above ratios fall within the benchmark ranges as set forth by 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 four year period covered by this examination:

	Amounts	Ratios
Losses incurred	$ 425,965,977	55.2%
Loss adjustment expenses incurred	170,980,021	22.2
Other underwriting expenses incurred	288,242,597	37.4
Net underwriting gain (loss)	(114,012,725)	(14.8)
Premiums earned	$ 771,175,870	100.00%

H. Abandoned Property Law

Section 1316 of the New York State Abandoned Property Law requires insurance companies to report, to the comptroller's office annually, on or before April 1, any property that is deemed abandoned and has been unclaimed for a three year period. This filing is required by all companies regardless of whether or not they have any abandoned property to report. The Branch has complied with the provisions of the Abandoned Property Law for all years covered by this examination.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as determined by this examination as of December 31, 2000. This statement is the same as the balance sheet filed by the Branch:

Assets	Ledger Assets	Non-ledger Assets	Not-Admitted Assets	Admitted Assets
Bonds	$ 674,022,854	$	$ 109,910	$ 673,912,944
Common stocks	61,580,963	19,759,529		81,340,492
Cash & short-term investments	69,284,892			69,284,892
Agents' balances or uncollected premiums:				
Premiums and agents' balances in course of collection	10,546,707		2,069,104	8,477,603
Premiums and agents' balances deferred and not yet due	32,329,085			32,329,085
Funds held by or deposited with reinsured companies	49,826,044			49,826,044
Reinsurance recoverable on loss and loss adjustment expense payments	20,547,961			20,547,961
Federal income taxes recoverable and interest thereon		2,428,714		2,428,714
Interest, dividends and real estate income due and accrued		11,461,471		11,461,471
Equities and deposits in pools pools and associations	1,496,122			1,496,122
Cash in transit	195,696			195,696
Reinsurance premiums deposited	2,233,056			2,233,056
Premium tax refund receivable	266,769		266,769	
Other admitted assets	536,366		55,050	481,316
Total assets	$ 922,866,515	$ 33,649,714	$2,500,833	$ 954,015,396

Liabilities

Liabilities

Losses		$ 397,376,381
Loss adjustment expenses		159,150,938
Reinsurance payable on paid losses		3,361,204
Contingent commissions		4,622,641
Other expenses		517,150
Taxes, licenses and fees		1,645,003
Unearned premiums		63,380,142
Dividends declared and unpaid (Policyholders)		6,192,302
Funds held by under reinsurance treaties		931,622
Remittances and items not allocated		559,322
Provision for reinsurance		8,953,539
Excess of statutory reserves over statement reserves		1,758,437
Drafts outstanding		3,298,163
Payable to parents, subsidiaries and affiliates		6,090,232
Due to foreign exchange rate change		1,522,047
Other liabilities		1,333,317
Total liabilities		$ 661,142,440
Surplus and Other Funds		
Statutory deposits	$ 500,000	
Additional statutory deposits	1,500,000	
Unassigned funds (surplus)	290,872,956	
Surplus as regards policyholders		292,872,956
Total liabilities and surplus		$ 954,015,396

Note: The Internal Revenue Service is currently auditing the Branch's 1999 federal income tax return. The examiner is unaware of any potential exposure of the Branch to any further tax assessment and no liability has been established herein relative to such contingency.

B. Underwriting and Investment Exhibit

Surplus as regards policyholders increased $68,118,349 during the four year examination period, January 1, 1997 through December 31, 2000:

Statement of Income

Underwriting Income		
Premiums earned		$ 771,175,870
Deductions:		
Losses incurred	$ 425,965,977	
Loss adjustment expenses incurred	170,980,021	
Other underwriting expenses incurred	288,242,597	
Total underwriting deductions		885,188,595
Net underwriting loss		$ (114,012,725)
Investment Income		
Net investment income earned	$ 182,535,974	
Net realized capital gains	20,840,931	
Net investment gain		203,376,905
Other Inc-ome		
Net loss in agents' balances	$ (196,713)	
Reinsurance balances charged off	(23,230)	
Gain on foreign exchange adjustments	477,848	
Miscellaneous income	413,059	
Gain on sale of renewal rights	3,200,000	
Total other income		3.870,964
Net income before dividends to policyholders and federal and foreign income taxes		$ 93,235,144
Dividends to policyholders		7,761,615
Net income before federal and foreign income taxes		$ 85,473,529
Federal and foreign income taxes incurred		10,545,075
Net Income		$ 74,928,454

Capital and Surplus Account

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders, per prior report on examination as of December 31, 1996			$224,754,607
Net income	$ 74,928,454	$	
Unrealized capital gains		1,897,164	
Change in not admitted assets		972,772	
Change in provision for reinsurance		1,183,155	
Change in foreign exchange adjustment		940,758	
Change in excess of statutory reserves over statement reserves	1,749,459		
Net remittances from or (to) home office		3,565,715	
Total gains and losses	$ 76,677,913	$ 8,559,564	
Net gains in surplus			68,118,349
Surplus as regards policyholders, per report on examination as of December 31, 2000			$ 292,872,956

C. Trusteed Surplus Statement

The following shows the trusteed surplus statement of the Branch as of December 31, 2000 calculated pursuant to Section 1312 of New York Insurance Law:

Assets		
Bonds deposited with the state insurance departments for the protection of all policyholders and creditors within the United States:		
New York	$ 4,251,506	
Wyoming	2,899,960	
Accrued interest thereon	157,946	
Total deposits with state insurance departments		$ 7,309,412
Vested in and held by United States Trustee:		
Bonds	$ 665,126,649	
Stocks	54,087,196	
Accrued interest thereon	10,205,046	
Total trusteed assets		729,418,891
Total gross assets		$ 736,728,303
Liabilities		
Total liabilities and reserves per examination		$ 661,142,440
Deduction from liabilities and reserves:		
Reinsurance recoverable on paid losses:		
Authorized companies	$ 10,746,961	
Unauthorized companies	9,801,000	
Agents' balances or uncollected premiums not more than ninety days past due, not exceeding unearned premium reserves carried thereon	40,806,688	
Other assets offsetting reserves	3,650,180	
Special deposits, not exceeding net liabilities carried in this statement on liabilities in each respective state	12,252,489	
Total deductions		77,257,318
Net liabilities (Section 1312)		$ 583,885,122
Trusteed surplus (Section 1312)		152,843,182
Total liabilities and trusteed surplus		$ 736,728,304

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liabilities for losses and loss adjustment expenses of $ 397,376,381 and $159,150,938 respectively are the same as the amounts reported by the Branch in its 2000 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 Branch's internal records and in its filed annual statements, as verified by the examiners.

5. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Branch conducts its business practices 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 Property Bureau of this Department.

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

1) Sales and advertising
2) Underwriting
3) Rating
4) Treatment of policyholders and claimants.

No problems areas were encountered.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The following recommendations cited in the prior report on examination as of December 31, 1996, are summarized below (page numbers refer to the prior report):

ITEM		PAGE NO.
1)	That the Company comply with the provisions of Section 1308 of New York Insurance Law with regard to its ceded reinsurance agreements. The Company has complied with this recommendation.	9
2)	That the Company amend its extra contractual obligation clauses to include the required language described previously The Company has complied with this recommendation.	9

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Custodial Agreements	
	It is recommended that the Branch amend the agreements with its custodian to include the protective covenants and provisions deemed by this Department to be representative of good business practices for the contents of such agreements.	15

Respectfully submitted,

/S/
Isaac Zamdas CIE
Associate Insurance Examiner

STATE OF NEW YORK)
) SS.
)
COUNTY OF NEW YORK)

ISAAC ZAMDAS, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

/S/
Isaac Zamdas

Subscribed and sworn to before me

this _____ day of _________ 2003.

Appointment No. 21780

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, GREGORY V. SERIO, *Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

Isaac Zamdas

as proper person to examine into the affairs of the

TOKIO MARINE AND FIRE INSURANCE COMPANY LIMITED
(US BRANCH)

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 21st *day of* *September, 2001*

GREGORY V. SERIO
Superintendent of Insurance