REPORT ON EXAMINATION

OF

WRM AMERICA INDEMNITY COMPANY, INC.
(now known as CEDAR INSURANCE COMPANY)

AS OF

DECEMBER 31, 2017

DATE OF REPORT	FEBRUARY 1, 2019
EXAMINER	ROBERT BAIRD

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NEW YORK STATE OF OPPORTUNITY. | Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Acting Superintendent

May 2, 2019

Honorable Linda A. Lacewell
Acting Superintendent
New York State Department of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 31828 dated September 26, 2018, attached hereto, I have made an examination into the condition and affairs of WRM America Indemnity Company, Inc. as of December 31, 2017, and submit the following report thereon.

Wherever the designation ñthe Companyò appears herein without qualification, it should be understood to indicate WRM America Indemnity Company, Inc.

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

The examination was conducted at the Companyôs home office located at 628 Hebron Avenue, Suite 106, Glastonbury, CT 06033.

1. SCOPE OF EXAMINATION

The Department has performed an examination of the Company, a multi-state insurer. The previous examination was conducted as of December 31, 2012. This examination covered the five-year period from January 1, 2013 through December 31, 2017. Transactions occurring subsequent to this period were reviewed when deemed appropriate by the examiner.

This examination was conducted in accordance with the National Association of Insurance Commissioners (ñNAICò) Financial Condition Examiners Handbook (ñHandbookò), which requires that we plan and perform the examination to evaluate the financial condition and identify current and 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, managementôs compliance with New York laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

Company history
Management and control
Territory and plan of operation
Holding company description
Reinsurance
Financial statement presentation
Loss review and analysis
Significant subsequent events
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

WRM America Indemnity Company, Inc. was incorporated as the Alliance Assurance Company, a stock company, on July 26, 1991 to serve as the vehicle for the domestication of the United States Branch of the Alliance Assurance Company Limited, London, England (ñthe Branchò). The Company assumed all of the assets and liabilities of the Branch and commenced business on January 1, 1992.

Effective July 1, 2000, the Company entered into a Reinsurance Assignment and Assumption Agreement with Globe Indemnity Company (ñGlobeò), an affiliate. As a result of the agreement, the Company transferred all of its liabilities arising from its operations prior to the effective date, along with an equal amount of assets to Globe. The Reinsurance Assignment and Assumption Agreement was entered into to prepare the Company for sale. On January 23, 2001, the Company was acquired by Eastern Casualty Insurance Company, a Massachusetts insurer, as a clean shell.

On October 16, 2008, the Company was acquired by The Wright Insurance Group (ñTWIGò), a Delaware corporation, and adopted its current name on October 23, 2008.

On December 10, 2010, the Company formed a new wholly-owned subsidiary, RPG Management LLC, which was later renamed Wright Program Insurance Agency, LLC (ñWPIAò).

On November 7, 2011, the Companyôs ultimate parent, TWIG, acquired 100% of the outstanding ownership interests of certain entities from Fidelity National Financial Inc. (ñFNFò), the ultimate parent of Fidelity National Indemnity Insurance Company (ñFNIIò). As part of the transaction, TWIG assigned the Company the rights to acquire 100% of the issued and outstanding shares of the capital stock of FNII. The primary purpose of the transaction was to acquire the flood insurance business from the FNF Group. After the acquisition, FNII was renamed as the Wright National Flood Insurance Company.

On May 1, 2012, Catlin Insurance Company and Catlin Indemnity Company (collectively referred to as ñCatlinò), began writing a majority of the business previously written by the Company. Beginning in July 2013, the Company ceased writing all direct business and assumed approximately 7 to 10% of the business written by Catlin. The Companyôs affiliate, Wright Risk Management, LLC (ñWRM LLCò), served as the management company.

On May 20, 2014, Brown & Brown Inc. purchased TWIG. The purchase agreement included the Companyôs two subsidiaries, WPIA and Wright National Flood Insurance Company, but did not include the Company. The sale resulted in the Company becoming a wholly-owned subsidiary of WRM America Indemnity Holding Company, LLC.

As of December 31, 2014, the Company entered voluntary run-off and positioned itself for sale.

Effective January 1, 2015, the Company entered into a Termination and Recapture Agreement (ñTRAò) with Catlin Specialty Insurance Company (ñCatlin Specialtyò). The TRA terminated, released and extinguished the Companyôs past, present and future obligations and liabilities under the quota share reinsurance contract effective November 11, 2011 through December 31, 2014, pursuant to which the Company assumed certain liabilities from Catlin Specialty.

In addition, effective January 1, 2015, the Company entered into a Retroactive Assumption Agreement with Catlin Specialty, in which the Company ceded 100% of its liability pertaining to all business written, renewed, or reinstated by it prior to November 15, 2012. Catlin Specialty then delegated the claims handling and administration to WRM LLC.

Subsequent to the period under examination, on August 16, 2018, the Company was acquired by Sirius America Insurance Company (refer to section 5 of this report).

A. Corporate Governance

Pursuant to the Companyôs charter and by-laws, management of the Company is vested in a board of directors consisting of not less than 13 nor more than 21 members. The board meets three times during each calendar year. At December 31, 2017, the board of directors was comprised of the following 13 members:

Name and Residence	Principal Business Affiliation
Ian D. Broadwater New York, NY	Investment Professional, Aquiline Capital Partners, LLC
Henry N. Conolly Uniondale, NY	President, Wright National Flood Insurance Company

Name and Residence	Principal Business Affiliation
Donald T. DeCarlo Lake Success, NY	Self-Employed, The Law Offices of Donald T. DeCarlo, Esq.
Gerard P. Elicks Uniondale, NY	Counsel, New York Municipal Insurance Reciprocal
William J. Fishlinger Uniondale, NY	Chairman, The Wright Insurance Group, LLC
Douglas J. Hayden Floral Park, NY	Executive Vice President, The Wright Insurance Group, LLC
Robert W. Lulley, Jr. Smithtown, NY	Executive Vice President and Chief Underwriting Officer, The Wright Insurance Group, LLC
William A. Malloy New York, NY	President and Chief Executive Officer, The Wright Insurance Group, LLC
Lawrence P. Miniter Ridgewood, NJ	President, WRM America Indemnity Company, Inc.
Jason A. Rotman New York, NY	Investment Professional, Aquiline Capital Partners, LLC
Albert L. Salvatico Garden City, NY	President, Jaral Properties, Inc.
Steven E. Sims New York, NY	Executive Vice President, The Wright Insurance Group, LLC
Christopher E. Watson Bronxville, NY	Investment Professional, Aquiline Capital Partners, LLC

As of December 31, 2017, the principal officers of the Company were as follows:

Name	Title
Lawrence P. Miniter	President
Rona L. Platt	Secretary
Norman L. Brown	Treasurer

B. Territory and Plan of Operation

As of December 31, 2017, the Company was licensed to write business in 38 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
24	Credit unemployment
29	Legal services

The Company is also authorized to transact such workersô compensation insurance as may be incident to coverage contemplated under paragraphs 20 and 21 of Section 1113(a) of the New York Insurance Law, including insurances described in the Longshoremenôs and Harbor WorkersôCompensation Act (Public Law No. 803, 69th Congress as amended; 33 USC Section 901 et seq. as amended).

Based upon the lines of business for which the Company is licensed and the Companyôs 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 $4,800,000.

The following schedule shows the direct and assumed premiums written by the Company for the period under examination:

Calendar Year	Direct Premiums	Assumed Premiums	Total Gross Premiums
2013	$352,805	$ 5,048,950	$ 5,401,755
2014	$ (225)	$ 6,559,972	$ 6,559,747
2015	$ 0	$(3,237,303)	$(3,327,303)
2016	$ 0	$ 0	$ 0
2017	$ 0	$ 0	$ 0

When the Company was an active writer, it provided property and casualty insurance coverage to K ï 12 private independent schools, public schools (outside of New York State), and accredited colleges and universities, which included educatorsô legal liability, commercial general liability, commercial property, inland marine, auto liability and boiler and machinery. The Companyös products were marketed, sold and serviced through its affiliated manager, WRM LLC. The Companyös business was written through brokers.

In July 2013, the Company stopped writing direct business. On December 31, 2014, the Company stopped writing all business.

C. Reinsurance Ceded

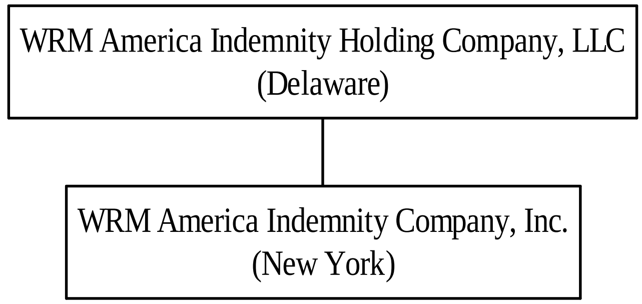
The Company has been in run-off since December 31, 2014 and does not have any ceded reinsurance.

D. Holding Company System

At December 31, 2017, the Company was 100% owned by WRM America Indemnity Holding Company, LLC, a Delaware corporation.

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 a chart of the holding company system at December 31, 2017:



As previously noted, the Company was acquired by Sirius America Insurance Company, a New York domiciled company (refer to section 5 of this report).

At December 31, 2017, the Company was not a party to any agreements with members of its holding company system.

E. Significant Ratios

Operating Ratios

Operating ratios were not calculated because the Company is in run-off.

Underwriting Ratios

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

	Amounts	Ratio
Losses and loss adjustment expenses incurred	$6,143,553	70.86%
Other underwriting expenses incurred	7,213,721	83.20
Net underwriting loss	(4,687,272)	(54.06)
Premiums earned	$8,670,002	100.00%

The Companyôs reported risk-based capital (ñRBCò) score was 7,511% at December 31, 2017. The RBC is a measure of the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. An RBC of 200 or below can result in regulatory action. There were no financial adjustments in this report that impacted the Companyôs RBC score.

3. FINANCIAL STATEMENTS

A Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2017, as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$ 997,948	$0	$ 997,948
Cash, cash equivalents and short-term investments	13,733,113	0	13,733,113
Investment income due and accrued	4,533	0	4,533
Total assets	$14,735,594	$0	$14,735,594

Liabilities, Surplus and Other Funds

Liabilities		
Losses and loss adjustment expenses		$ 620,671
Other expenses (excluding taxes, licenses and fees)		116,611
Taxes, licenses and fees (excluding federal and foreign income taxes)		20,287
Remittances and items not allocated		(80)
Retroactive reinsurance reserve		(578,299)
Total liabilities		$ 179,190
Surplus and Other Funds		
Common capital stock	$ 4,210,000	
Gross paid in and contributed surplus	11,602,304	
Unassigned funds	(1,255,900)	
Surplus as regards policyholders		14,556,404
Total liabilities, surplus and other funds		$14,735,594

Note: The Internal Revenue Service has never audited the Companyȏs federal income tax returns. 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. Statement of Income

The net income for the examination period as reported by the Company was $7,619,146 as detailed below:

Underwriting Income		
Premiums earned		$ 8,670,002
Deductions:		
Losses and loss adjustment expenses incurred	$6,143,553	
Other underwriting expenses incurred	7,213,721	
Total underwriting deductions		13,357,274
Net underwriting gain or (loss)		$ (4,687,272)
Investment Income		
Net investment income earned	$9,376,089	
Net realized capital gain	36,791	
Net investment gain or (loss)		9,412,880
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ (130,567)	
Retroactive reinsurance gain or (loss)	(116,441)	
Miscellaneous income	1,046,496	
Total other income		799,488
Net income before dividends to policyholders and before federal and foreign income taxes		$ 5,525,096
Federal and foreign income taxes incurred		(2,094,050)
Net income		$ 7,619,146

C. Capital and Surplus

Surplus as regards policyholders decreased $46,719,132 during the five-year examination period January 1, 2013 through December 31, 2017, as reported by the Company, detailed as follows:

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders, as reported by the Company as of December 31, 2012			$ 61,275,536
Net income	$7,619,145		
Net unrealized capital gains or (losses)		$14,150,166	
Change in nonadmitted assets	2,079,585		
Capital changes paid in		513,000	
Surplus adjustments paid in	0	41,754,696	
Total gains and losses	$9,698,730	$56,417,862	
Net increase (decrease) in surplus			(46,719,132)
Surplus as regards policyholders, as reported by the Company as of December 31, 2017			$ 14,556,404

No adjustments were made to surplus as a result of this examination.

Capital paid in is $4,210,000 consisting of 10 shares of $421,000 par value per share common stock. Gross paid in and contributed surplus is $11,602,304. In 2014, Brown & Brown Inc. purchased TWIG, which resulted in the retirement and redemption of 990 shares of common stock and the concomitant return of capital to the Companyȏs former parent, WRM America Intermediate Holding Company, Inc. Gross paid in and contributed surplus decreased by $41,754,696 during the examination period, and capital paid in decreased by $513,000 as follows:

Date	Description	Paid in Capital	Gross Paid in and Contributed Surplus
2013	Beginning balance	$4,723,000	$53,357,000
2014	Retirement and redemption of 990 shares of common stock	(4,675,770)	(46,378,251)
2014	Adjustment of par on remaining shares	4,162,770	4,623,555
2017	Ending balance	$4,210,000	$11,602,304

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $620,671 is the same as reported by the Company as of December 31, 2017. The examination analysis of the loss and loss adjustment expense reserves was conducted in accordance with generally accepted actuarial principles and statutory accounting principles, including the NAIC Accounting Practices & Procedures Manual, Statement of Statutory Accounting Principle No. 55 (ñSSAP No. 55ò).

5. SUBSEQUENT EVENTS

On August 16, 2018, the Company was acquired by Sirius America Insurance Company (ñSAICò), a New York domiciled company. SAIC is an indirect wholly-owned subsidiary of Sirius International Insurance Group Ltd. (ñSINTò). SINT and the Company are ultimately controlled by China Minsheng Investment Group Corp., Ltd.

Effective January 29, 2019, the Company changed its name to Cedar Insurance Company.

The run-off of the Company is now being managed by an affiliated company, Sirius Global Solutions, Inc.

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.		Accounts and Records	
	i.	It was recommended that the Company ensure that all of its director members and key employees complete conflict of interest statements on an annual basis and retain such statements for inspection in all future examinations.	12
		The Company has complied with this recommendation.	
	ii.	It was recommended that the completed and signed conflict of interest statements be provided to the board of directors for their review and that the board minutes acknowledge that the statements were provided and reviewed.	12
		The Company has complied with this recommendation.	
B.		Classification of Loss Adjustment Expenses	
		It was recommended that the Company report its loss adjustment expenses to the correct expense category in accordance with SSAP No. 55 of the NAIC Accounting Practices and Procedures Manual and the Annual Statement Instructions.	12
		The Company has complied with this recommendation.	

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no comments or recommendations made in this report.

Respectfully submitted,

____________/S/___________
Robert Baird
Senior Insurance Examiner

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

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

____________/S/___________
Robert Baird

Subscribed and sworn to before me

this_________ day of __________________, 2019.

APPOINTMENT NO. 31828

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **Maria T. Vullo**, 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:*

Robert Baird

as a proper person to examine the affairs of the

WRM America Indemnity Company, Inc.

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 26th day of September, 2018

MARIA T. VULLO
Superintendent of Financial Services

By Joan P. Riddell

Joan Riddell
Deputy Bureau Chief