

REPORT ON EXAMINATION

OF

SIRIUS AMERICA INSURANCE COMPANY

AS OF

DECEMBER 31, 2019

DATE OF REPORT

APRIL 16, 2021

EXAMINER

JUSTIN MATHEW

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Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

April 16, 2021

Honorable Linda A. Laceywell
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 32023 dated January 3, 2020, attached hereto, I have made an examination into the condition and affairs of Sirius America Insurance Company as of December 31, 2019, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Sirius America Insurance Company.

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

The examination was conducted remotely due to the Governor’s Executive Order of New York State on PAUSE regarding the COVID-19 pandemic.

1. SCOPE OF EXAMINATION

The Department has performed a group examination of the Company, a multi-state insurer. The previous examination was conducted as of December 31, 2014. This examination covered the five-year period from January 1, 2015 through December 31, 2019. 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 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, management’s 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
- Reinsurance
- Holding company description
- 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 the recommendation 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

Sirius America Insurance Company was incorporated under the laws of the State of New York on September 13, 1979 and began writing business on January 9, 1980. The Company was formerly known as

White Mountains Reinsurance Company of America (previously known as Folksamerica Reinsurance Company).

The Company is an indirect wholly-owned subsidiary of Sirius Re Holdings, Inc. (“Sirius Re Holdings”) which, in turn, is an indirect wholly-owned subsidiary of Sirius Bermuda Insurance Company Ltd. (“Sirius Bermuda”). Sirius International Insurance Corporation (Publ) (“Sirius International”) of Stockholm, Sweden, owns 12.6% of Sirius Re Holdings. Sirius Bermuda is an indirect wholly-owned subsidiary of Sirius International Insurance Group, Ltd. (“SIIG”). SIIG provides insurance, reinsurance, and insurance services on a worldwide basis through its subsidiaries, branch offices, and Lloyds Syndicate 1945 and, effective November 5, 2018, is publicly listed on the Nasdaq Global Select Market.

On April 18, 2016, CM International Holding Pte. Ltd. (“CMIG International”), as a Singapore holding company, through its Bermuda holding Company, CM Bermuda Ltd. (“CM Bermuda”) purchased SIIG, and its subsidiaries, from White Mountains Insurance Group, Ltd. CMIG International is majority owned by China Minsheng Investment Group Corp., Ltd. (“CMIG”) and minority-owned by third party corporate shareholders, none of which owns 10% or more of CMIG International. As of December 31, 2019, CM Bermuda owned 96% of SIIG’s issued and outstanding common shares and 80% of SIIG on a fully diluted basis, taking into account Series B preferred shares and warrants issued to certain shareholders.

On June 6, 2018, the Company acquired 100% of the outstanding stock of Oakwood Insurance Company (“Oakwood”), a Tennessee domiciled insurer, from Sirius Global Solutions Holding Company, an indirect, wholly owned subsidiary of SIIG. Oakwood has been in run-off since 2008.

On June 19, 2018, the Company acquired 100% of the outstanding voting shares of Empire Insurance Company (“EIC”), a New York domiciled insurer, from Sirius Global Solutions Holding Company. EIC has been in run-off since 2001. Subsequent to the examination period, on July 7, 2020, the Company sold EIC to Physicians’ Reciprocal Insurers (refer to section 5 of this report).

On August 16, 2018, the Company acquired 100% of the outstanding voting shares of WRM America Indemnity Company, Inc. a New York domiciled insurer, from WRM America Indemnity Holding Company, LLC, a Delaware limited liability company. Effective January 29, 2019, the Company changed the name to Cedar Insurance Company (“Cedar”). Cedar been in run-off since 2014. During the examination period, Cedar and the Company were ultimately controlled by CMIG. Subsequent to the examination period, on February 26, 2021, Cedar and the Company were acquired by Third Point Reinsurance Ltd. (refer to section 5 of this report).

A. Corporate Governance

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of not less than seven nor more than twenty-one members. The board meets four times during each calendar year. At December 31, 2019, the board of directors was comprised of the following seven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Jeffrey Wayne Davis Miami, FL	Executive Vice President, Chief Actuary and Chief Risk Officer, Sirius International Insurance Group, Ltd.
Robert Peter Kuehn Manhasset, NY	President and General Counsel, Sirius America Insurance Company
Thomas Clifford Leonardo Fairfield, CT	Director, Sirius America Insurance Company
Faith Mary Pipitone* Maspeth, NY	Director, Sirius America Insurance Company
Ralph Anthony Salamone Ridgewood, NJ	President and Chief Executive Officer, Sirius Global Services, LLC
Regina Marie Villomann Kings Park, NY	Senior Vice President and Director of Human Resources, Sirius America Insurance Company
Walter Neal Wasserman Bolton, CT	President, Sirius Global Solutions, Inc.

*Effective February 28, 2020, Faith Pipitone retired and was replaced by Brent Donaldson.

As of December 31, 2019, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Robert Peter Kuehn	President and General Counsel
Min Huang-Li	Chief Financial Officer

B. Territory and Plan of Operation

As of December 31, 2019, the Company was licensed to write business in 49 states, and in the District of Columbia, Guam, Puerto Rico and Canada. The Company was also a qualified reinsurer (meets the credit for reinsurance statute) in Maine.

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:

<u>Paragraph</u>	<u>Line of Business</u>
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

The Company is authorized by Section 4102(c) of the New York Insurance Law to reinsure risks of every kind or description and to insure property or risks of every kind or description outside of the United States, its territories and possessions.

The Company may also write such workers' compensation insurance as may be incidental to coverage contemplated under paragraphs 20 and 21 of Section 1113(a) of the New York Insurance Law including insurance described in the Longshoremen's and Harbor Workers' Compensation 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 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 \$35,000,000.

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

<u>Calendar Year</u>	<u>Direct Premiums</u>	<u>Assumed Premiums</u>	<u>Total Gross Premiums</u>
2015	\$101,968,370	\$262,842,497	\$364,810,867
2016	\$140,377,503	\$286,928,663	\$427,306,166
2017	\$221,810,079	\$ 99,199,533	\$321,009,612
2018	\$202,756,818	\$ 85,669,185	\$288,426,003
2019	\$271,698,697	\$121,932,551	\$393,631,248

The Company offers a range of property, casualty and specialty insurance products as well as reinsurance products to a broad client base. Most of the Company's primary insurance is obtained through program managers and managing general underwriters. Most of the Company's assumed reinsurance is obtained through reinsurance intermediaries. The Company has offices in New York, New Jersey, Florida, Connecticut, Pennsylvania and Toronto, Canada. During 2019, 95% of the Company's direct writing was generated in 28 states, of which Indiana (12%), California (11%), Texas (8%), New York (8%), and Michigan (7%) were the top states in direct premium volume. The majority of direct written premiums (98%) were in three lines of business: 82% in Accident & Health, 14% in Workers' Compensation and 3% in Surety. The Company entered the workers' compensation line of business in 2018 and appointed Pie Insurance Services, Inc. as the program manager to perform, manage and supervise the marketing, underwriting and administration of the business. The Company entered the surety business in 2018 and exited this line in 2020.

C. Reinsurance Ceded

The Company has structured its ceded reinsurance program as follows:

<u>Type of Treaty</u>	<u>Cession</u>
<u>Accident and Health</u>	
Medical Stop Loss Excess of Loss	
Layers 1-5	\$8,500,000 in excess of \$1,500,000
Layer 6	100% in excess of \$10,000,000.
Specific and Aggregate Medical Benefits	80% quota share up to \$1,000,000 per person in
Quota Share on specified business	respect of specific excess policies and up to \$1,000,000 per group in respect of aggregate stop loss policies.
Main Specific and Aggregate Medical	12 schedules with various quota share participations
Benefits Quota Share on specified business	at first dollar.

Specific and Aggregate Medical Benefits Quota Share on specified business	4 schedules with various quota share participations at first dollar.
Medical Stop Loss Quota Share on specified business	3 quota shares with various quota share participations covering up to \$1,000,000 per group in respect of aggregate stop loss policies.
Living Wage Stop Loss Quota Share on specified business	90% quota share up to \$1,000,000 per person in respect of excess policies and \$1,000,000 per group in respect of aggregate policies.
Self-Funded Medical Specific & Aggregate Quota Share on specified business	Specific: 100% quota share of claims per covered person per policy year subject to limit Aggregate: 100% quota share of claims per covered employer per policy year excess of employer's aggregate self-funded retention.
Specific and Aggregate Medical Benefits Quota Share on specified business	50% quota share up to \$1,000,000 per person in respect of specific excess policies and up to \$1,000,000 per group in respect of aggregate stop loss policies.
<u>Casualty</u>	
Workers' Compensation Catastrophe Excess of Loss (3 layers)	\$17,000,000 in excess of \$3,000,000 any one loss occurrence.
<u>Surety</u>	
Surety Excess of Loss (2 layers)	\$45,000,000 in excess of \$5,000,000 per principal.

The majority of the Company's ceded business was to unauthorized reinsurers. As of December 31, 2019, the Company's ceded premiums totaled \$135.9 million, of which approximately 51% was ceded to one unauthorized reinsurer. It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized reinsurers.

All significant 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.

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles ("SSAP") No. 62R. Representations were supported by appropriate risk transfer analyses and an attestation

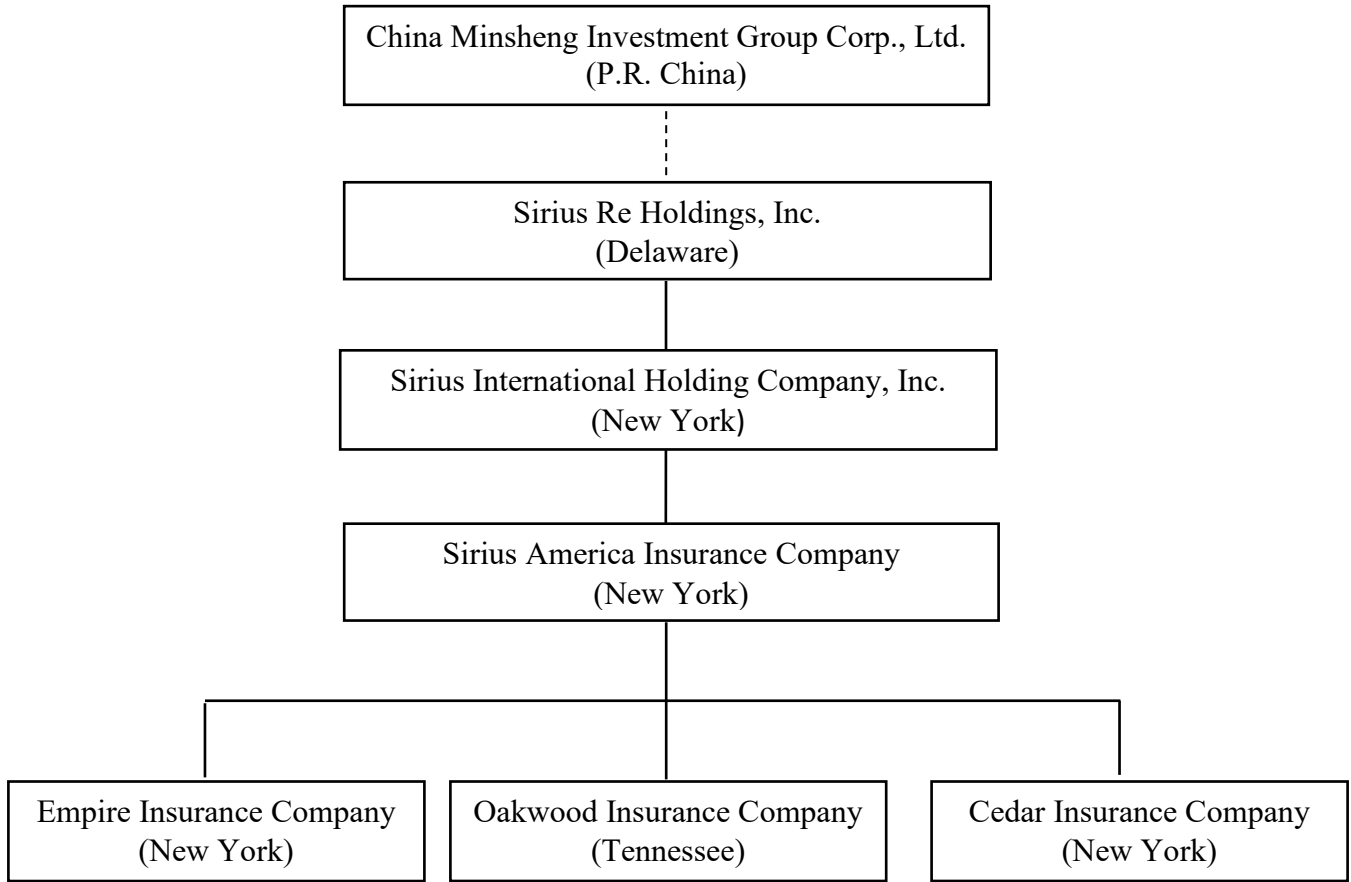
from the Company's Chief Executive Officer and Chief Financial Officer pursuant to the NAIC annual statement instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R.

D. Holding Company System

As of December 31, 2019, the Company was a member of the China Minsheng Group. The Company is a wholly owned subsidiary of Sirius International Holding Company, Inc., a New York corporation, which was ultimately controlled by CMIG. CMIG is an international private investment group based in China. It was founded in 2014 by 59 private companies. On February 26, 2021, the Company and Cedar were acquired by Third Point Reinsurance Ltd. (refer to section 5 of this report).

A review of the holding company registration statements filed with this Department indicated that such filings were complete and were filed in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

The following is an abridged chart of the holding company system at December 31, 2019:



Holding Company Agreements

As of December 31, 2019, the Company was party to the following agreements with other members of its holding company system:

Expense Allocation Agreement

The Company and various affiliates are parties to an Amended and Restated Expense Allocation Agreement, effective February 23, 2015, and subsequently amended multiple times. Pursuant to the terms of the agreement, the Company provides human resources support, IT and network support, office space, and other services such as internal audit services to specified affiliates. Sirius Global Solutions, Inc. provides services such as bookkeeping, financial and regulatory reporting services, administrative, claims management, and actuarial services to specified affiliates. Pursuant to the terms of the agreement, reimbursement is made to and by the Company on a cost basis in accordance with the requirements of Department Regulation 30.

Investment Management Agreement

Effective September 16, 2016, and amended as of August 17, 2018, the Company is party to an investment management agreement with Sirius Investment Advisors LLC (“SIA”). Per the terms of the agreement, SIA manages, on a discretionary basis, the Company’s portfolio. The Company pays SIA an investment management fee and is responsible for all costs and expenses directly incurred by SIA on behalf of the Company, including custodial fees, accounting and performance measurement service fees, brokerage commissions, and other expenses reasonably related to the research, purchase, monitoring, sale or transfer of assets.

Services, Resource Support and Facilities Agreement

The Company and various affiliates are parties to an Amended and Restated Services, Resource Support and Facilities Agreement, effective March 16, 2015, and subsequently amended multiple times. Pursuant to the terms of the agreement, the Company provides insurance risk management services including corporate wide catastrophe modeling and advance modeling projections on CAT exposures, as well as use of facilities consisting of designated office space to specified affiliates. Sirius Global Services LLC provides actuarial support, legal, treasury and internal audit services to specified affiliates. Sirius America Administrators LLC provides reserving actuarial and underwriting support services, along with loss analysis and processing for treaty accounting and claim services to specified affiliates. Sirius Global Solutions, Inc. provides bookkeeping, financial and regulatory reporting, claims management and actuarial

services to specified affiliates. Sirius International Insurance Corporation provides IT, accident and health support services to specified affiliates. Finally, Sirius Capital Markets, Inc. provides bookkeeping, accounting, financial and tax reporting to specified affiliates. Pursuant to the terms of the agreement, reimbursement is made to and by the Company on a cost basis in accordance with the requirements of Department Regulation 30.

Tax Allocation Agreement

The Company and various affiliates are parties to a tax allocation agreement, effective December 1, 2004, and subsequently amended on numerous occasions. The parties to the agreement file with Sirius Re Holdings a consolidated federal income tax return under the provisions of the Internal Revenue Code of 1986. The agreement stipulates that the Company's tax liability on a consolidated basis would not exceed the liability had the Company filed its tax return on a stand-alone basis.

The Company has several other related party agreements with affiliates in place as of the examination date as follows:

<u>Agreement</u>	<u>Participants</u>
Administrative Service Agreement, amended and restated January 1, 2018	Armada Administrators LLC
Managing General Underwriter Agreement effective January 1, 2018	ArmadaCare, LLC
Claims Management Agreement, amended and effective July 5, 2012 (Domestic Travel Insurance Program)	International Medical Administrators, Inc.
Claims Management Agreement, amended and effective July 5, 2012 (Accident and Health Stop Loss Program)	International Medical Administrators, Inc.
Program Management Agreement, amended and effective July 5, 2012	iTravelInsured, Inc.

All agreements subject to Section 1505 of the New York Insurance Law were filed with the Department.

E. Significant Ratios

The following operating ratios, computed as of December 31, 2019, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

<u>Operating Ratios</u>	<u>Result</u>
Net premiums written to policyholders' surplus	49%
Adjusted liabilities to liquid assets	80%

The Company's two-year overall operating ratio of 101% falls outside of the benchmark range due to high operating expenses and adverse development.

Underwriting Ratios

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

	<u>Amount</u>	<u>Ratio</u>
Losses and loss adjustment expenses incurred	\$ 751,083,057	73.50%
Other underwriting expenses incurred	350,316,520	34.28
Net underwriting gain (loss)	<u>(79,532,411)</u>	<u>(7.78)</u>
Premiums earned	<u>\$1,021,867,166</u>	<u>100.00%</u>

The Company's reported risk-based capital ("RBC") score was 474% at December 31, 2019. The RBC score 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 score of 200% or below can result in regulatory action. There were no financial adjustments in this report that impacted the Company's RBC score.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2019, as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 487,085,546	\$ 0	\$ 487,085,546
Preferred stocks	17,000,000	0	17,000,000
Common stocks	134,478,612	0	134,478,612
Cash	5,899,537	0	5,899,537
Cash equivalents	18,164,558	0	18,164,558
Short-term investments	129,899,287	0	129,899,287
Other invested assets	226,380,439	771,337	225,609,102
Receivable for securities	64,725	0	64,725
Investment income due and accrued	4,004,645	0	4,004,645
Uncollected premiums and agents' balances in the course of collection	14,491,689	1,715,563	12,776,126
Deferred premiums and agents' balances and installments booked but deferred and not yet due	155,129,849	0	155,129,849
Accrued retrospective premiums and contracts subject to redetermination	611,949	582,919	29,030
Amounts recoverable from reinsurers	4,059,667	0	4,059,667
Funds held by or deposited with reinsured companies	25,055,683	0	25,055,683
Current federal and foreign income tax recoverable and interest thereon	7,534,438	0	7,534,438
Net deferred tax asset	21,330,426	11,112,324	10,218,102
Electronic data processing equipment and software	237,178	0	237,178
Furniture and equipment, including health care delivery assets	78,782	78,782	0
Receivables from parent, subsidiaries and affiliates	5,868,006	0	5,868,006
Leasehold improvements	454,089	454,089	0
Accounts receivable	16,343	0	16,343
ESPP loan	12,020	12,020	0
Participation loans and security deposit	<u>20,018,395</u>	<u>0</u>	<u>20,018,395</u>
Total assets	<u>\$1,277,875,862</u>	<u>\$14,727,034</u>	<u>\$1,263,148,828</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and loss adjustment expenses	\$ 506,931,397
Reinsurance payable on paid losses and loss adjustment expenses	28,594,610
Commissions payable, contingent commissions and other similar charges	3,711,631
Other expenses (excluding taxes, licenses and fees)	3,013,764
Taxes, licenses and fees (excluding federal and foreign income taxes)	3,465,383
Unearned premiums	103,154,518
Ceded reinsurance premiums payable (net of ceding commissions)	25,365,403
Funds held by company under reinsurance treaties	44,901,473
Provision for reinsurance	15,083,124
Payable to parent, subsidiaries and affiliates	5,538,691
Payable for securities	116,394
Recoverable on ceded retroactive reinsurance contract	(2,238,650)
Allowance for uncollectible reinsurance recoverables	3,387,411
Accounts payable other	<u>47,591</u>
 Total liabilities	 \$ 741,072,741

Surplus and Other Funds

Surplus gain from retroactive reinsurance	\$ 2,238,650
Common capital stock	5,000,000
Gross paid in and contributed surplus	409,295,869
Unassigned funds (surplus)	<u>105,541,568</u>
 Surplus as regards policyholders	 <u>522,076,088*</u>
 Total liabilities, surplus and other funds	 <u>\$1,263,148,828</u>

*rounding adjustment of \$1

Note: During the examination period, the Company was not subject to audit by the Internal Revenue Service. 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 \$116,101,997, as detailed below:

Underwriting Income

Premiums earned		\$1,021,867,166
Deductions:		
Losses and loss adjustment expenses incurred	\$751,083,057	
Other underwriting expenses incurred	<u>350,316,520</u>	
Total underwriting deductions		<u>1,101,399,577</u>
Net underwriting gain or (loss)		\$ (79,532,411)

Investment Income

Net investment income earned	\$115,880,093	
Net realized capital gain	<u>84,141,045</u>	
Net investment gain or (loss)		200,021,138

Other Income

Net gain or (loss) from agents' or premium balances charged off	\$ (473,741)	
Foreign exchange loss	(2,165,611)	
Other expenses	(1,692,716)	
Interest on funds held for reinsurance agreements	(4,271,241)	
Gain from retroactive reinsurance	<u>155,857</u>	
Total other income or (loss)		<u>(8,447,452)</u>
Net income after dividends to policyholders but before federal and foreign income taxes		\$ 112,041,274
Federal and foreign income taxes incurred		<u>(4,060,724)</u>
Net income		\$ <u>116,101,997</u>

C. Capital and Surplus

Surplus as regards policyholders decreased \$98,511,638 during the examination period January 1, 2015 through December 31, 2019, as reported by the Company, detailed as follows:

Surplus as regards policyholders, as reported by the Company as of December 31, 2014			\$620,587,727
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$116,101,997		
Net unrealized capital gains or (losses)		\$ 50,035,771	
Change in net unrealized foreign exchange capital gain or loss		5,069,322	
Change in net deferred income tax		27,135,423	
Change in nonadmitted assets		9,172,340	
Change in provision for reinsurance		13,124,469	
Capital changes paid in		10	
Surplus adjustments paid in		25,076,300	
Dividends to stockholders	<u>0</u>	<u>85,000,000</u>	
Total gains and losses	\$116,101,997	\$214,613,635	
Net increase (decrease) in surplus			<u>(98,511,638)</u>
Surplus as regards policyholders, as reported by the Company as of December 31, 2019			<u>\$522,076,088*</u>

*rounding adjustment of \$1

As of December 31, 2019, capital paid in is \$5,000,000 consisting of 5,000 shares of \$1,000 par value per share common stock. Gross paid in and contributed surplus is \$409,295,869. Gross paid in and contributed surplus decreased by \$25,076,300 during the examination period, as follows:

<u>Year</u>	<u>Description</u>		<u>Amount</u>
2015	Beginning gross paid in and contributed surplus		\$434,372,169
2015	Return of capital	\$(40,076,300)	
2019	Surplus contribution	<u>15,000,000</u>	
	Total surplus adjustment		<u>(25,076,300)</u>
2019	Ending gross paid in and contributed surplus		<u>\$409,295,869</u>

On October 16, 2015, the Department approved the Company's request for a \$125,076,310 distribution, which included an \$85,000,000 extraordinary dividend and \$40,076,30 return of capital distribution to its immediate parent, Sirius International Holding Company, Inc. ("SIHC"). On December 26, 2019, the Company received a \$15,000,000 capital contribution from SIHC to support the Company's direct business growth.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$506,931,397 is the same as reported by the Company as of December 31, 2019. 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 SSAP No. 55.

5. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared an outbreak of a novel coronavirus ("COVID-19") pandemic. The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination's review noted that there has not been a significant impact to the Company. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

The Company entered into a sale agreement regarding EIC, whereby the Company sold 100% of the issued and outstanding shares of EIC to Physicians' Reciprocal Insurers ("PRI"), a New York domiciled insurer. The sale was effective July 7, 2020. To facilitate the sale, the Company and EIC entered into a Transfer and Assumption Agreement ("TAA"), effective June 30, 2020, whereby certain assets and all of EIC's liabilities arising out of the activities or operations of EIC prior to the effective date of the TAA agreement were assumed by the Company. PRI's acquisition of EIC was for a total consideration of \$1 million plus EIC's capital and surplus as of the date of closing (approximately \$10.8 million as of December 31, 2019). The Department approved the TAA agreement pursuant to Section 1505(d)(2) of the New York Insurance Law and the acquisition of EIC by PRI pursuant to Section 1603 of the New York Insurance Law and Department Regulation 53.

On July 30, 2020, the Company formed a wholly owned subsidiary, Sirius Specialty Insurance Corporation (“SPIC”), as an excess and surplus lines carrier, domiciled in New Hampshire. Prior to the formation of SPIC, SIIG and its subsidiaries provided admitted insurance products and excess and surplus lines products. U.S.-based excess and surplus lines products were underwritten by Sirius International Insurance Corporation pursuant to their inclusion on the NAIC’s Quarterly Listing of Alien Insurers. This excess and surplus lines business was produced by wholly owned U.S.-based subsidiaries, namely International Medical Group and Sirius International Agency. SPIC became the new underwriting company for the excess and surplus lines business when the New Hampshire Insurance Department issued SPIC a domestic surplus lines insurance license.

On February 16, 2021, the Department approved the acquisition of control of the Company and its subsidiary, Cedar, by Third Point Reinsurance Ltd. (“TPRE”). The acquisition closed on February 26, 2021. TPRE is a Bermuda exempted company limited by shares that was launched in 2011 and began writing business in January 2012. TPRE completed an initial public offering in 2013, and its shares are listed on the New York Stock Exchange. Subsequent to the acquisition, TPRE changed its name to SiriusPoint Ltd. The acquisition of control was approved pursuant to Section 1506 of the New York Insurance Law.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained one recommendation as follows (page number refers to the prior report):

<u>ITEM</u>	<u>PAGE NO.</u>
<p>A. <u>Losses and Loss Adjustment Expenses</u></p> <p>It was recommended that the Company's future actuarial reports contain both narrative and technical components in its entirety for the calculation of the unallocated loss adjustment expense (ULAE) reserves.</p> <p>The Company has complied with this recommendation.</p>	<p>22</p>

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

This report on examination contains no comments or recommendations.

Respectfully submitted,

_____/S_____
Justin Mathew
Senior Insurance Examiner

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

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

_____/S/
Justin Mathew

Subscribed and sworn to before me

this _____ day of _____, 2021

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, Linda A. Lacewell, 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:

Justin Mathew

as a proper person to examine the affairs of the

Sirius America Insurance Company

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

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name
and affixed the official Seal of the Department
at the City of New York

this 3rd day of January, 2020

LINDA A. LACEWELL
Superintendent of Financial Services



By: Joan P. Riddell
Joan Riddell
Deputy Bureau Chief