REPORT ON EXAMINATION

OF

GENERAL SECURITY NATIONAL INSURANCE COMPANY

AS OF

DECEMBER 31, 2019

DATE OF REPORT	APRIL 1, 2021
EXAMINER	WAYNE LONGMORE

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NEW YORK STATE OF OPPORTUNITY | Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

April 1, 2021

Honorable Linda A. Lacewell
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 32036 dated January 22, 2020, attached hereto, I have made an examination into the condition and affairs of General Security National Insurance Company as of December 31, 2019, and submit the following report thereon.

Wherever the designation "GSNIC" or "the Company" appears herein without qualification, it should be understood to indicate General Security National 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 an examination of General Security National Insurance 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 when deemed appropriate by the examiner.

New York was the lead state of the SCOR Group. The examination was performed concurrently with the examinations of the following insurers: SCOR Reinsurance Company ("SCOR Re"), and General Security Indemnity Company of Arizona ("GSINDA"). Arizona participated in this examination.

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

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

General Security National Insurance Company was incorporated as the Copenhagen Reinsurance Company of America under the laws of the State of New York on May 15, 1980. The Company commenced underwriting on October 1, 1980, by assuming a book of the U.S. domiciled business of its parent, Copenhagen Reinsurance Company, Ltd. of Denmark.

On July 28, 1989, the Company's name was changed to Sorema North America Reinsurance Company when it was acquired by Sorema N.A. Holding Corporation, a member of Groupama of France.

On July 31, 2001, SCOR S.E. ("SCOR SE") acquired 100% of the stock of Sorema N.A. Holding Corporation. Effective January 1, 2002, the name of the Company was changed to its current title.

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 thirteen persons. The board meets at least four times during each calendar year. At December 31, 2019, the board of directors was comprised of the following six members:

Name and Residence	Principal Business Affiliation
Matthew Travis Bishop New York, NY	Senior Vice President, Head of North America SBS—SCOR SE
Jean-Paul Conoscente White Plains, NY	Chief Executive Officer, SCOR Global P&C—SCOR SE
John Jay Jenkins Crystal Lake, IL	President and Chief Executive Officer, SCOR Reinsurance Company
Mark Kociancic Summit, NJ	Chief Financial Officer, SCOR SE Executive Vice President, SCOR Reinsurance Company
Laurent Rousseau Paris, France	Deputy Chief Executive Officer, SCOR Global P&C—SCOR SE
Edward Nathan Wolff New York, NY	Professor of Economics, New York University

Management notes that GSNIC maintained between seven and thirteen board seats throughout the period of the examination and acknowledges that some of those seats were temporarily vacant due to director resignations, but these are considered vacancies and not a reduction to the number of board members. There were two appointments made to the Board of Directors in 2020: Rodolphe Herve (effective February 7, 2020) and Benjamin Auray (effective June 15, 2020).

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

Name	Title
Jean-Paul Conoscente	President and Chief Executive Officer
Maxine Hilary Verne	Senior Vice President, General Counsel and Corporate Secretary
Paul Matthew Christoff	Executive Vice President, Chief Financial Officer and Treasurer

B. Territory and Plan of Operation

As of December 31, 2019, the Company was licensed to write business in all 50 states and the District of Colombia. The Company is also qualified or accredited in Puerto Rico.

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

The Company is also empowered to transact such workers' 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 Longshoremen's and Harbor Workers' Compensation Act (Public Law No. 803, 69th Congress as amended; 33 USC Section 901 et. seq. as amended).

As of the examination date, the Company is also licensed to write special risk insurance (free trade zone license) pursuant to Article 63 of the New York Insurance Law. Additionally, the Company is authorized by Section 4102(c) to insure property or risks of every kind or description outside of the United States and reinsurance of every kind or description.

Based upon the lines of business for which the Company is licensed, 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. However, pursuant to Section 6302(c)(1) of the New York Insurance Law, to be licensed to write special risks, the Company is required to maintain surplus as regards policyholders of at least 200% of its authorized control level risk-based capital; therefore, the Company was required to maintain a minimum surplus to policyholders in the amount of $51,563,164 as of December 31, 2019.

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
2015	$11,472,889	$ 85,728,343	$ 97,201,232
2016	$15,362,106	$ 75,542,424	$ 90,904,530
2017	$41,312,486	$ 74,619,451	$115,931,937
2018	$42,950,621	$100,614,619	$143,565,240
2019	$43,351,840	$122,537,178	$165,889,018

GSNIC's predominant lines of business are inland marine, other liability - occurrence, and commercial multiple peril, which accounted for 44%, 41% and 12%, respectively of 2019 direct written premiums. Other liability lines include umbrella and errors and omissions covers.

The Company produced the majority of its 2019 direct written premiums (56%) in the following states: New Jersey (15%), Pennsylvania (14%), Kentucky (11%), New York (10%), and Arizona (6%).

The Company's portfolio consists of a small, growing book of direct SCOR Business Solution ("SBS") and underwriting agents or managing general agent ("MGA") business. It also writes livestock and bloodstock, and accident and health. GSNIC reinsures the direct SBS property and casualty business with affiliate SCOR Re.

The Company utilizes an intermediated distribution model and does not have an internal sales staff. Commercial efforts and relationships reside with underwriters and program managers. SBS business is distributed via brokers. The U.S. MGA business is distributed through the managing general agent, who themselves generate business through their own networks of agents and wholesalers.

The Company's assumed reinsurance program consists mainly of property and casualty coverage assumed on both a quota-share and/or excess of loss basis, written on a facultative and treaty basis with both authorized and unauthorized ceding insurers/reinsurers.

As of December 31, 2019, GSNIC assumed approximately $122.5 million in premiums. Of the total premiums assumed, $103.4 million was assumed from SCOR Re, an affiliate. Approximately $15.9 million in premium was assumed from various unaffiliated U.S. insurers with $3.2 million assumed from various unaffiliated non-U.S. insurers. The remaining $19,000 was assumed from pools, associations or other similar facilities.

In addition, GSNIC reported approximately $3.5 million in Funds Held by or Deposited with Reinsured Companies as of December 31, 2019 as shown in the table below (in $000's):

Reinsured Type	Affiliated	Unaffiliated U.S.	Pools, Associations or Similar	Unaffiliated Non-US	Total Funds Held by or Deposited with Reinsured
Balance	$0	$2,181	$1,355	$10	$3,547

The $103.4 million of business assumed by GSNIC from its U.S. affiliated companies are represented by the following treaties:

i. Effective January 1, 2017, GSNIC entered into an Indemnity and Assumption Agreement with GSINDA whereby GSINDA cedes 100% of the admitted property and casualty business to the Company. This transaction was approved by the Department and the Arizona Department of Insurance.

ii. Effective January 1, 2011, GSNIC entered into a 25% quota share agreement with SCOR Re, whereby GSNIC assumes SCOR Re's gross liability as the result of a single loss or an aggregation of losses under all policies covering U.S. treaty, facultative and direct business with the exception of business classified as aviation and space. In 2012, the quota share was reduced to 22.5% and in 2013, it was reduced again to 8.5%, but the scope was broadened to include SCOR Re's Latin American Treaty and Facultative business. Effective January 1, 2016, the quota share was further reduced to 5%. Effective January 1, 2018, the companies entered into a new treaty to continue the 5% quota share reinsurance.

C. Reinsurance Ceded

GSNIC's ceded reinsurance program includes affiliated and non-affiliated companies, with authorized affiliated reinsurers comprising approximately 98% of total ceded premiums as of December 31, 2019. These arrangements limit the net loss potential arising from large risks or hazards of an unusual nature.

GSNIC's ceded reinsurance program as of December 31, 2019 included the following key balances as noted in the table below (in $000's):

	Reinsurance Premium Ceded	Known Case and LAE Reserves	IBNR Loss Reserves	Unearned Premium	Funds Held Payables and Collateral
Authorized excluding affiliates	$ 518	$ 3,356	$ 104	$ 53	$ (4)
Authorized Affiliates	42,311	7,356	30,832	13,874	-
Unauthorized – Affiliates (SCOR SE)	(40)	4,586	15,847	7,222	33,691
Unauthorized – Other Non-U.S.	96	1	33	-	30
Certified – Other Non-U.S.	95	-	-	-	-
Total	$42,980	$15,300	$46,817	$21,149	$33,717

From the table above, as of December 31, 2019, GSNIC ceded approximately $43 million in premium. Of the total premium ceded to authorized reinsurers, $42.3 million was ceded to authorized affiliates, SCOR Global Life USA Reinsurance Company ("SCOR Global") and SCOR Re. For the amounts ceded to authorized non-affiliates, the largest amount was to XL Reinsurance America Inc. which totaled $329,000.

As shown in the table below at December 31, 2019, the Company had the following ceded reinsurance program in place with SCOR SE:

Type of Contract	Cession
Treaty – SCOR SE	
Excess of Loss	Third Aggregate Excess of Loss Agreement, effective January 1, 1998; covers book of business on underwriting years 1988 and prior, (acquired when Copenhagen Re was purchased), in excess of $15,000,000. This deductible has already been exceeded. This agreement is in force until all losses are paid out to extinction. The reserves on this contract are secured by funds held.

As shown in the table below at December 31, 2019, GSNIC had the following ceded reinsurance program in place with SCOR Re:

Facultative – SCOR Re	
Casualty Quota Share	95% quota share covering all direct and casualty facultative business excluding property, credit and surety, aviation, auto physical damage, nuclear, war or similar hostile acts, insolvency fund, and seepage or pollution.
Variable Quota Share	80% to 95% quota share cession with 20% to 5% retention of all direct US business, including business classified as program business, written by the Company.
Treaty – SCOR Re	
Stop Loss	80% to 110% coverage of runoff and in-force insurance; protects against adverse loss development on GSNIC's run-off and in-force business by providing loss protection. The agreement excludes life and health insurance.
Property and Casualty Per Risk & Per Event Excess of Loss	$50,000,000 in excess of $250,000 ultimate net loss, each loss any one acceptance covering all P&C acceptances written by SBS and MGA Departments (excluding aviation and space business), with maximum annual aggregate limit of $100,000,000.

In addition, and as outlined in the table below, GSNIC has a 95% quota share agreement with SCOR Global.

<u>Facultative – SCOR Global</u>

Medical Quota Share	95% medical quota share; employer stop loss, HMO excess reinsurance, provider excess and medical excess reinsurance written on behalf of GSNIC by SCOR Advantage MGA. Effective January 1, 2020, this agreement was terminated and is in run-off

Most of the ceded business was to authorized reinsurers. The largest reinsurance recoverables at December 31, 2019, were due from SCOR Re and SCOR SE, which totaled $40.1 million and $32.5 million, respectively. SCOR Re, an authorized insurer, was examined concurrently with the Company, and an examination change was made to SCOR Re's surplus. To address the examination change, in 2020, SCOR Re received from SCOR SE a $100 million surplus contribution, which enhanced SCOR Re's risk-based capital ("RBC") score and financial position. Regarding reinsurance recoverables from unauthorized reinsurers, it is the Company's policy to obtain appropriate collateral. The counterparty credit risk of SCOR SE, an unauthorized reinsurer, is further mitigated by the assigned financial strength rating of A+ from A.M. Best at December 31, 2019.

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 of the Schedule F data, reported by the Company in its filed annual statement, was found to accurately reflect its material 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 an attestation from the Company's President and Chief Financial Officer. 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.

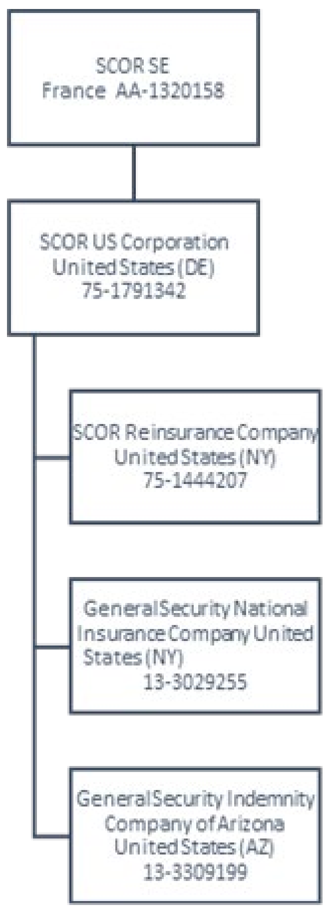
D. Holding Company

The Company is a member of the SCOR Group. The Company is a wholly owned subsidiary of SCOR U.S. Corporation ("SCOR US"), a Delaware corporation, which is ultimately controlled by SCOR SE, a publicly owned French holding company of a global reinsurance group.

SCOR SE and its consolidated subsidiaries form one of the world's largest reinsurers. The SCOR Group is organized in three divisions, SCOR Global P&C, SCOR Global Life and SCOR Global Investments, and three regional management platforms or "Hubs": the EMEA Hub, the Americas Hub and the Asia-Pacific Hub. The EMEA Hub consists of European countries including Russia, the Middle East, and Africa.

At December 31, 2019, GSNIC serves the SCOR Group as both a direct writer of property and casualty insurance and as a reinsurer.

The following is an abridged chart of the Company and its affiliated entities at December 31, 2019:



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

Amended and Restated SCOR U.S. Expense Allocation Agreement

Effective June 30, 2018, and subsequently amended, the Company, SCOR US, SCOR Re, and other affiliates entered into this agreement through which the parties exchange services among themselves. Such services include accounting, actuarial, claims, data processing, human resources, investments, legal, marketing, office space, treasury, underwriting, risk management; catastrophe modelling; IT and data processing. The parties each mutually agree to reimburse the other for the costs and expenses in providing all services rendered. The total cost and expenses for the services provided is allocated to the parties based on actual costs and utilizing the applicable bases. Such costs and expenses shall be allocated on an equitable basis in conformity with customary insurance accounting practices, but in no event will such allocations exceed the costs and expenses each of the parties would have incurred in providing the services individually. The amendment adds SCOR U.S. as a provider of certain IT services to SCOR's U.S. operations and adds SCOR Re as a provider of "Specialty Lines Underwriting Assistance." This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved on June 7, 2018.

During 2019, in accordance with the terms of this agreement, GSNIC paid $11,327,594 to SCORE Re.

SCOR SE Parental Guarantee (Cost Allocation Agreement)

Effective March 1, 2012, the Company, SCOR Re and GSINDA entered the SCOR SE Parental Guarantee pursuant to which SCOR SE, in order to obtain Group ratings from recognized statistical rating agencies, issues to each of its operating subsidiaries a parental guarantee. The agreement is intended to constitute a cost allocation agreement for the purposes of defining the appropriate charges to be paid by the Company, SCOR Re and GSINDA for such guarantee. The annual allocation of such costs is based on a formula, stated in the agreement, that involves 0.1% of the adjusted technical reserves and other liabilities of the companies. This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved on May 11, 2012.

In relation to this cost allocation agreement, SCOR Re, GSNIC and GSINDA each paid $24,883,804, $822,512, and $3,336,307 to affiliates.

Master Service Agreement

Effective January 1, 2014, and as amended January 1, 2015, SCOR SE entered into this agreement with the Company and other named affiliates. The agreement defines the allocation of group and divisional services and functions carried out in various entities in the group for the benefit of other entities within the group. In consideration for services provided, the recipient entity agrees to pay service fees that are based on the costs incurred in providing those services. This agreement and amendment were filed with the Department pursuant to Section 1505 of the New York Insurance Law and were non-disapproved on September 7, 2016.

In relation to the master service agreement, SCOR Re, GSNIC and GSINDA each paid $7,240,085, $635,160 and $3,293,139, respectively, to affiliates.

Tax Allocation Agreement Sixth Amendment SCOR US and affiliates

Effective December 31, 2011, SCOR US, SCOR Re, GSNIC and GSINDA entered into the sixth amendment to Tax Allocation Agreement that was originally dated May 2, 1991, in which each subsidiary agrees to provide the parent company with sufficient funds corresponding to its individual federal income tax liability. The tax charge to the subsidiary shall not be more than it would have paid on a separate return basis. Except where a refund is due, settlements under this agreement shall be made within 30 days of filing the consolidated income tax return. This amended agreement was filed with the Department and was non-disapproved on February 21, 2014.

E. Significant Ratios

Except as noted below, the Company's operating ratios, computed as of December 31, 2019, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

Operating Ratios	Result	
Net premiums written to policyholders' surplus	117%	
Adjusted liabilities to liquid assets	99%	
Two-year overall operating	106%	*

* Catastrophe losses in 2017, 2018 and 2019 have been a large influence on the Company's overall loss ratio and financial results.

Underwriting Ratios

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	$299,372,878	66.33%
Other underwriting expenses incurred	188,770,606	41.82
Net underwriting gain (loss)	(36,789,757)	(8.15)
Premiums earned	$451,353,727	100.00%

The Company's reported RBC score was 369% as of 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.

Assets

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$321,499,675	$ 0	$321,499,675
Cash, cash equivalents and short-term Investments	15,683,429	0	15,683,429
Investment income due and accrued	2,259,376	0	2,259,376
Uncollected premiums and agents' balances in the course of collection	72,358,722	244,510	72,114,212
Deferred premiums, agents' balances and installments booked but deferred and not yet due	6,739,542	0	6,739,542
Amounts recoverable from reinsurers	10,611,218	0	10,611,218
Funds held by or deposited with reinsured Companies	3,546,572	0	3,546,572
Current federal and foreign income tax recoverable and interest thereon	578,106	0	578,106
Net deferred tax asset	22,709,254	10,160,073	12,549,181
Goodwill	15,421,287	15,421,287	
Cash deposited with claims administrators	1,675,053	0	1,675,053
Reinsurance balances receivable	1,073,916	905,971	167,945
Prepaid benefit costs	430,897	430,897	0
Total assets	$474,587,047	$ 27,162,738	$447,424,309

Liabilities, surplus and other funds

Liabilities

Losses and loss adjustment expenses		$178,247,919
Reinsurance payable on paid losses and loss adjustment expenses		29,339,501
Commissions payable, contingent commissions and other Similar charges		954,910
Other expenses (excluding taxes, licenses and fees)		216,655
Taxes, licenses and fees (excluding federal and foreign income taxes)		159,323
Unearned premiums		46,882,252
Ceded reinsurance premiums payable (net of ceding commissions)		20,150,397
Funds held by company under reinsurance treaties		33,716,747
Remittances and items not allocated		8,504,977
Provision for reinsurance		68,787
Payable to parent, subsidiaries and affiliates		4,459,833
Reinsurance reserves assumed as deposits		13,431,521
Accrued minimum pension liability		3,466,861
Retroactive reinsurance assumed reserves		1,878,468
Direct claims payable		822,089
Total liabilities		$342,300,240
Surplus and other funds		
Common capital stock	$ 5,000,000	
Gross paid in and contributed surplus	124,007,063	
Unassigned funds (surplus)	(23,882,994)	
Surplus as regards policyholders		$105,124,069
Total liabilities, surplus and other funds		$447,424,309

Note: The Internal Revenue Service did not audit the Company's federal income tax returns during the period under examination. 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 $873,913, as detailed below:

Underwriting Income		
Premiums earned		$451,353,727
Deductions:		
Losses and loss adjustment expenses incurred	$299,372,878	
Other underwriting expenses incurred	188,770,606	
Total underwriting deductions		488,143,484
Net underwriting gain or (loss)		$(36,789,757)
Investment Income		
Net investment income earned	$ 30,816,037	
Net realized capital gain	2,898,866	
Net investment gain or (loss)		33,714,903
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ 111,086	
Realized (losses)/gains on foreign exchange translation	1,634	
Other miscellaneous (losses)/gains	(71,665)	
Amortization on deposit liability contracts	433,947	
Incurred (Losses)/ Gains on retroactive reinsurance contracts	(714,793)	
Interest on funds held by or deposited with reinsurers	(2,268,537)	
Total other income		(2,508,328)
Net income before dividends to policyholders and before federal and foreign income taxes		$ (5,583,182)
Dividends to policyholders		0
Net income after dividends to policyholders and before federal and foreign income taxes		$ (5,583,182)
Federal and foreign income taxes incurred		(6,457,095)
Net income		$ 873,913

C. Capital and Surplus Account

Surplus as regards policyholders increased $1,268,725 during the examination period January 1, 2015 through December 31, 2019 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, 2014			$103,855,342
Net income	$ 873,913		
Net transfers (to) from protected cell accounts			
Net unrealized capital gains or (losses)	149,060		
Change in net unrealized foreign exchange capital gain (loss)		$ 117,299	
Change in net deferred income tax		19,730,750	
Change in nonadmitted assets	21,438,132		
Change in provision for reinsurance	40,085		
Capital changes transferred to surplus			
Surplus adjustments paid in		173,199,937	
Minimum liability for pension	1,223,776		
Prior year surplus adjustment-federal income tax		1,938,357	
Prior year surplus adjustment - earning -net premiums		620,500	
Prior year accounting policy change- expenses- Master Service Agreement		217,818	
Surplus - reorganization permitted by the New York State Department of Financial Services	173,199,937		
Prior year surplus adjustment - Federal and Deferred Income Tax	700,134		
Change in minimum liability for pension	0	531,649	
Total gains and losses	$197,625,037	$196,356,310	
Net increase (decrease) in surplus			1,268,727
Surplus as regards policyholders as reported by the Company as of December 31, 2019			$105,124,069

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

At December 31, 2019, capital paid in was $5,000,000 consisting of 100 shares of common stock at $50,000 par value per share. Gross paid in and contributed surplus was $124,007,063. Gross paid in and contributed surplus decreased by $173,199,937 during the examination period, as follows:

Year	Description	Amount
2014	Beginning gross paid in and contributed surplus	$297,207,000
2017	Surplus reorganization non-disapproved by the Department	(173,199,937)
2019	Ending gross paid in and contributed surplus	$124,007,063

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $178,247,919 is the same as that 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. The reported reserves are concentrated in the commercial lines, which is consistent with the business written by the Company.

However, the Department recommends that:

i. The Company retain documentation to support the reason(s) for booking loss and loss adjustment expense reserves that are different from the loss and loss adjustment expense reserves actuarial central estimate as determined by SCOR U.S. Group's Appointed Actuary.

ii. SCOR U.S. Group Actuarial Reports include enhanced documentation and discussion of all reconciling items between: (1) the underlying reserving data and related loss and loss adjustment expense reserve amounts from the business segments reviewed by the Appointed Actuary and (2) the reserve amounts appearing in the three entities' financial statements.

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 the Company's operations and financial position and will take necessary action if a solvency concern arises.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained no recommendations.

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Losses and loss adjustment expenses	
i.	It is recommended that the Company retain documentation to support the reason(s) for booking loss and loss adjustment expense reserves that are different from the loss and loss adjustment expense actuarial central estimate as determined by SCOR U.S. Group's Appointed Actuary.	18
ii.	It is recommended that future SCOR U.S. Group Actuarial Reports include enhanced documentation and discussion of all reconciling items between: (1) the underlying reserving data and related loss and loss adjustment expense reserve amounts from the business segments reviewed by the Appointed Actuary and (2) the reserve amounts appearing in the three entities' financial statements.	18

Respectfully submitted,

____________/S/____________
Wayne Longmore
Associate Insurance Examiner

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

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

____________/S/____________
Wayne Longmore

Subscribed and sworn to before me

this__________ day of ____________________, 2021.

APPOINTMENT NO. 32036

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:*

Wayne Longmore

as a proper person to examine the affairs of the

General Security National 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 22nd day of January, 2020

LINDA A. LACEWELL
Superintendent of Financial Services

By:

Joan Riddell
Deputy Bureau Chief