

REPORT ON EXAMINATION

OF THE

SCOR REINSURANCE COMPANY

AS OF

DECEMBER 31, 2014

DATE OF REPORT

MARCH 10, 2016

EXAMINER

MARIBEL NUNEZ

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

March 10, 2016

Honorable Maria T. Vullo
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 31217 dated September 30, 2014, attached hereto, I have made an examination into the condition and affairs of SCOR Reinsurance Company as of December 31, 2014, and submit the following report thereon.

Wherever the designation “the Company” or “SCOR Re” appears herein without qualification, it should be understood to indicate SCOR Reinsurance 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 at the Company’s home office located at 199 Water Street, New York, New York 10038.

1. SCOPE OF EXAMINATION

The Department has performed a multi-state examination of SCOR Reinsurance Company. The previous examination was conducted as of December 31, 2009. This examination covered the five-year period from January 1, 2010 through December 31, 2014. 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 (“Handbook”), which requires that we plan and perform the examination to evaluate the financial condition, and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management’s compliance with Statutory Accounting Principles and annual statement instructions.

All financially significant accounts and activities of the Company were considered in accordance with the risk-focused examination process. This examination also included a review and evaluation of the Company’s own control environment assessment and an evaluation based upon the Company’s Sarbanes Oxley documentation and testing. The examiners also relied upon audit work performed by the Company’s independent public accountants when appropriate.

This examination report includes a summary of significant findings for the following items as called for in the Handbook:

- Significant subsequent events
- Company history
- Corporate records
- Management and control
- Fidelity bonds and other insurance
- Territory and plan of operation
- Growth of Company
- Loss experience
- Reinsurance
- Accounts and records
- Statutory deposits
- Financial statements
- Summary of recommendations

A review was also made to ascertain what action was taken by the Company with regard to comments and recommendations contained in the prior report on examination.

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations, rules or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company was incorporated on November 8, 1984, as SCOR Reinsurance Company of New York under the laws of New York to serve as the vehicle for the re-domestication of its operational predecessor and parent, SCOR Reinsurance Company, Irving, Texas. The predecessor company was incorporated on March 22, 1974, under the laws of Texas and began business on April 16 of the same year. Effective September 30, 1985, the two companies merged and the surviving entity adopted its present name.

The Company is a wholly-owned subsidiary of SCOR US Corporation (“SCOR US”), a Delaware holding company, which is in turn wholly-owned by SCOR S.E. (“SCOR SE”), a publicly owned French holding company of a global reinsurance group. SCOR US was a publicly traded company from September 25, 1986 until December 1995.

In July 2001, SCOR SE acquired 100% of the stock of Sorema N.A. Holding Corporation (“Sorema N.A.”) a Delaware corporation. Sorema N.A. owned Sorema North America Reinsurance Company, which in turn owned General Security Indemnity Company of Arizona (“GSINDA”). Immediately upon acquisition, SCOR SE contributed the stock of Sorema North America Reinsurance Company to the Company. In 2002, Sorema North America Reinsurance Company’s name was changed to General Security National Insurance Company (“GSNIC”).

On December 31, 2006, the Company sold 100% of the outstanding stock of GSNIC to SCOR SE. GSNIC became a direct subsidiary of SCOR SE.

On April 11, 2008, the Company purchased SCOR Reinsurance Escritorio de Representacao no Brazil Ltda., (Brasil) from SCOR SE France, its ultimate parent. Brasil, a non-insurance company,

was acquired to serve as the Company's Representative Office establishing Scor Re as an admitting reinsurer in Brazil.

Prior to 2008, the Company had a branch operation in Canada which was terminated on July 1, 2008. Upon closing of its Canadian operations, the Company entered into a domestic and assumption reinsurance agreement with SCOR Canada Reinsurance Company pursuant to which the Company transferred all federal and provincial licenses and authorizations to conduct insurance and reinsurance business in Canada.

On July 1, 2012, SCOR Re made a dividend of all of the outstanding stock of its then subsidiary General Security Indemnity Company of Arizona ("GSINDA") to its parent SCOR U.S. The dividend was valued at GSINDA's June 30, 2012 statutory book value of \$47.5 million. GSINDA became a wholly-owned direct subsidiary of SCOR U.S.

As of December 31, 2014, the Company's capital paid in was \$5,000,000 consisting of 5,000 shares of common stock at \$1,000 par value per share. Gross paid in and contributed surplus was \$338,397,860. Gross paid in and contributed surplus and/or capital paid in decreased by (\$574,567,114) during the examination period, as follows:

Year			
2009	Capital and surplus paid as of 12/31/2009		\$912,964,974
2010	Deemed Capital contributions related to stock award grants (net of payments)	(167,363)	
2011	Deemed Capital contributions related to stock award grants	2,318,269	
*2012	Capital Re-structure	(747,000,000)	
*2012	Transfer of GSINDA's shares to SCOR US	(46,773,298)	
**2012	Capital contribution	210,000,000	
2012	Deemed Capital contributions related to stock award grants	3,804,284	
2012	Payment	(4,358,419)	
2013	Deemed Capital contributions related to stock award grants	5,099,963	
2014	Deemed Capital contributions related to stock award grants	<u>2,509,450</u>	
	Total change to capital and surplus paid-in		<u>(574,567,114)</u>
	Capital and surplus paid as of 12/31/2014		<u>\$338,397,860</u>

*On August 29, 2012, the Department approved the Company's request to restructure its capital by reducing gross paid-in and increasing un-assigned surplus by \$747,000,000. On the same date, the Department also approved the transfer of all outstanding shares of its subsidiary GSINDA to its parent SCOR US totaling \$46,773,298.

**Following the restructuring of its capital, the Company discharged its outstanding surplus note to its parent, SCOR Re US in the amount of \$156,700,000 plus interest of \$79,400,000. Upon receipt of the \$236,100,000, the parent re-contributed \$210,000,000 to the Company as gross paid-in and contributed surplus.

A. Management

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of not less than seven nor more than thirteen members. The board meets four times during each calendar year. As of December 31, 2014, the board of directors was comprised of the following ten members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Jean-Paul Conoscente White Plains, New York	Senior Vice President, Chief Underwriting Officer – Treaty SCOR Reinsurance Company
Pierre Andre Chiappori New York, New York	Professor of Economics, Columbia University
Jerry Michael de St. Paer Chatham, New Jersey	Executive Chairman, Group of North American Insurance Enterprises
Dennis Kessler Paris, France	Chairman and Chief Executive Officer, SCOR SE
Henry Klecan, Jr. New York, New York	President and Chief Executive Officer, SCOR Reinsurance Company
Mark Kociancic Summit, New Jersey	SCOR Group Deputy CFO and Executive Vice President, SCOR Reinsurance Company
Kathleen Theresa McGahran Palm Beach Shores, Florida	CEO/Owner, Pelham Associates
Victor Peignet Saint-Cloud, France	Chief Executive Officer, SCOR Global P&C

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Kory Sorenson Paris, France	Director, SCOR Reinsurance Company
Edward Nathan Wolff New York, New York	Professor of Economics, New York University

A review of the minutes of the board of directors' meetings held during the examination period indicated that the meetings were generally well attended and each board member had an acceptable record of attendance.

As of December 31, 2014, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Henry Klecan, Jr.	President and Chief Executive Officer
Maxine Hilary Verne	Senior Vice President, General Counsel and Corporate Secretary
Paul Matthew Christoff	Senior Vice President, Chief Financial Officer, and Treasurer

B. Territory and Plan of Operation

As of December 31, 2014, the Company was licensed to write business in thirty-one US States and the District of Columbia. In addition, the Company is also an accredited/approved reinsurer in the remaining nineteen states where it is not directly licensed, Guam and 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:

<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

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

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.

The Company is a reinsurer and has no direct writings. Based on the lines of business for which the Company is licensed, the 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 Company specializes in underwriting treaties covering commercial and technical risks as well as providing property/casualty and special risk facultative coverage. Its underwriting strategy emphasizes the development of long-term relationships with small to medium-sized regional and specialty companies. The Company's treaty book was written principally through reinsurance intermediaries, while facultative business was underwritten both through reinsurance intermediaries and on a direct basis. The corporate headquarters are located in New York City with branch offices maintained in Chicago, Illinois and Miami, Florida.

C. Reinsurance

The Company does not write any direct business. It operates as a professional reinsurer; therefore, all of the Company's business is assumed reinsurance.

The Company's assumed reinsurance program consists mainly of property/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.

The Company utilizes reinsurance accounting as defined in Statement of Statutory Accounting Principle ("SSAP") No. 62 for all of its assumed reinsurance business.

The Company assumed all of its business from unaffiliated companies except as follows:

- i. Effective January 1, 2011, the Company assumed from GSINDA a minimum of 5% and a maximum of 95% of all its business with the exception of Aviation and Space.
- ii. Effective January 1, 2014, the Company entered into an Aggregate Stop Loss Agreement with its affiliate, GSINDA. The agreement protects against adverse loss development on business covering all property lines of business underwritten by Starr Specialty Lines Insurance Agency, LLC on behalf of GSINDA by providing loss protection 50% excess 80%.
- iii. Effective January 1, 2014, the Company entered into an Aggregate Stop Loss agreement with its affiliate, GSNIC. The agreement protects against adverse loss development on GSNIC's run-off and in-force business by providing loss protection of 30% excess 80%. The agreement excludes Life and Health insurance.
- iv. Effective August 27, 2014, the Company assumed business from its affiliate SCOR Brazil Resseguros SA. This is a quota share agreement where the Company assumes 95% all credit and surety and agro business written by SCOR Brazil.
- v. Effective August 31, 2014, the Company assumed business covering proportional and non-proportional treaty and facultative reinsurance written by SCOR Brazil Resseguros SA under a multi-line risk and catastrophe excess of loss contract. The limit of liability under the agreement is BRL 5M xs BRL 66M ultimate net loss, each and every loss occurrence.

As of December 31, 2014, the Company had the following ceded reinsurance program with SCOR Global P&C for its treaty and facultative business:

<u>Type of Contract</u>	<u>Cession</u>
<u>Treaty</u>	
Property Catastrophe Excess of Loss 2 layers	\$435,000,000 in excess of \$25,000,000 ultimate net loss, each and every loss occurrence, with an annual aggregate deductible of \$25,000,000 on the first layer and an aggregate limit of \$520,000,000 on the second layer. The agreement excludes Aviation business, business classified as surety, financial guarantee, insolvency and credit; third party liability.
Multi Line Excess of Loss	\$95,000,000 in excess of \$5,000,000 ultimate net loss, each and every loss occurrence, each and every risk or event, with an annual aggregate deductible of \$5,000,000 and subject to an annual aggregate limit of \$285,000,000. The agreement covers all aviation, agriculture, credit & surety, engineering and marine business.
Property per Risk Clash Excess of Loss	\$50,000,000 in excess of \$25,000,000 ultimate net loss, each and every loss occurrence, with an annual aggregate limit of \$150,000,000. The agreement excludes ocean marine, credit and surety business, and agriculture.
<u>Facultative – SCOR Business Solution</u>	
Property Quota Share	20% quota share of the reinsured gross liability. The agreement excludes treaty reinsurance, casualty, except for incidental exposure covered by a property acceptance, credit and surety, and aviation and space.

<u>Type of Contract</u>	<u>Cession</u>
Property per Risk Excess of Loss	\$137,000,000 in excess of \$25,000,000 ultimate net loss, each and every loss occurrence, with an annual aggregate limit of \$411,000,000 and an aggregate deductible of \$10,000,000. The agreement excludes ocean marine (except offshore and shipbuilders' risks), aviation business, and treaty reinsurance.
Casualty Quota Share	95% quota share of the reinsured gross liability. The agreement excludes property, credit & surety, aviation, and auto physical damage lines of business.
Semi-Automatic Facultative Space Master	Space business written on a direct or facultative basis: (a) Variable up to a maximum of 95% of facultative acceptances; (b) 100% of direct policies.
Facultative Property XOL	15,000,000 in excess of \$10,000,000 of the ultimate net loss, each occurrence with an annual aggregate deductible of \$10,000,000. This agreement excludes treaty reinsurance, casualty, credit and surety, and aviation and space.
Credit and Surety Facultative Cessions	Covers various Credit & Surety Facultative acceptances from 1/1/2014 – 1/1/2015 with a retention of \$100,000,000 with various limits per acceptance.

In addition, the Company has an 8.5% quota share agreement with GSNIC, effective January 1, 2011 and amended January 1, 2014. The contract covers U.S, South America, Central America, and Caribbean treaty, facultative, and direct business, with the exception of business classified as Aviation and Space.

Effective January 1, 2014 through January 1, 2015, the Company has 5% quota share agreement with General Insurance Corporation of India covering business classified as proportional and non-proportional reinsurance for fire, allied perils including earthquake, as original for Colombian insurance companies.

The Company also has the following reinsurance agreements to cover business classified as general and specialty property written in the United States and Canada provided that such business is written as direct and/or indirect insurance through Starr Specialty Lines Insurance Agency, LLC, or through Starr Technical Risks Canada, Inc., and/or Starr Underwriting Agents Limited for and on behalf of the Company. The agreement excludes personal accident, health, contract guarantee, financial guarantee, credit insurance, surety and fidelity, workers compensation, employer's liability and third party pollution.

<u>Type of Contract</u>	<u>Cession</u>
Per Risk Excess of Loss	\$25,000,000 excess \$8,333,333 each risk, each loss occurrence
Underlying Catastrophe Excess of Loss	\$25,000,000 excess \$8,333,333 ultimate net loss each loss occurrence.
Catastrophe Excess of Loss Three layers: First Layer: 57.15% participation Second layer: 78% participation Third layer: 48% participation	\$100,000,000 in excess of \$33,333,333 ultimate net loss each loss occurrence. . .
Supplemental Top Catastrophe Excess of Loss	48% of \$25,000,000 in excess of \$133,333,333 ultimate net loss each loss occurrence
Top Catastrophe Excess of Loss	52% of \$125,000,000 in excess of \$33,333,333 ultimate net loss each loss occurrence.

Reinsurance agreements with affiliates were reviewed for compliance with Article 15 of the New York Insurance Law. It was noted that all affiliated reinsurance agreements were filed with the Department pursuant to the provisions of Section 1505(d)(2) of the New York Insurance Law.

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 SSAP No. 62. Representations were supported by appropriate 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. 62.

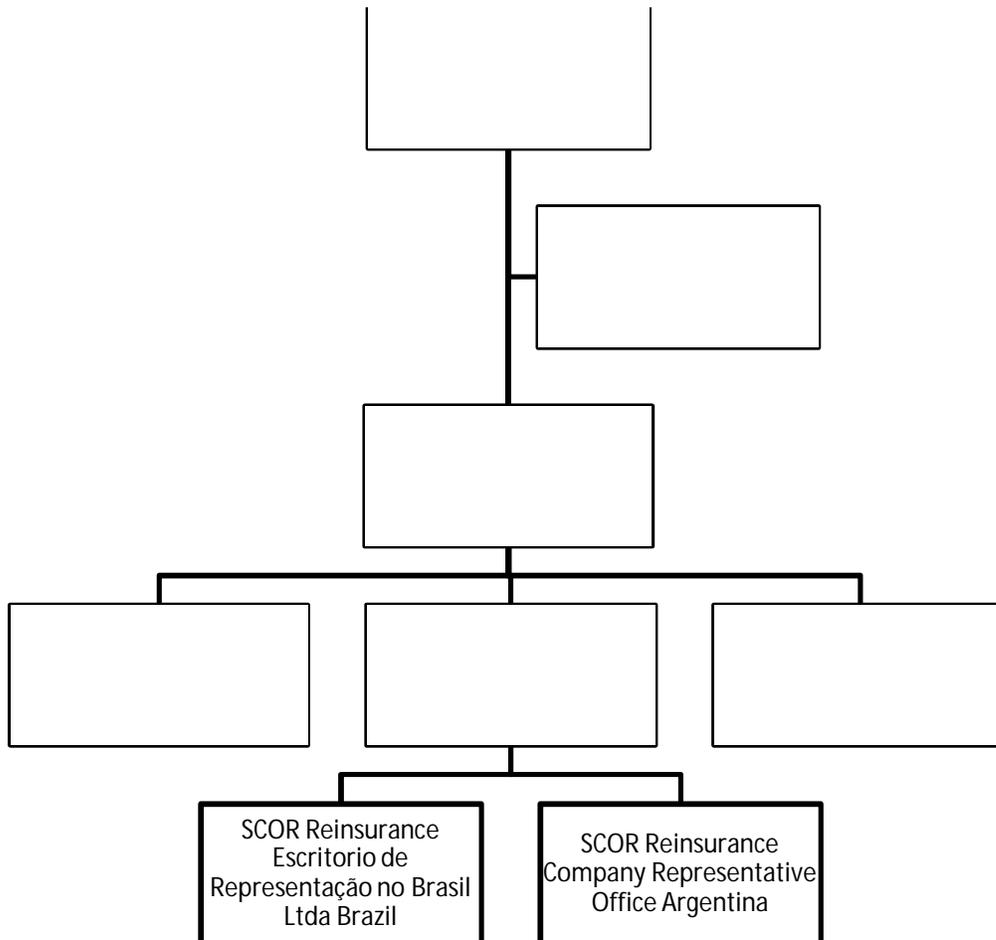
During the period covered by this examination, the Company commuted various reinsurance agreements related to its assumed and ceded business. These commutations resulted in both gains and losses to the Company's surplus position.

D. Holding Company System

The Company is a member of the SCOR Group. The Company is a wholly-owned subsidiary of SCOR US, a Delaware corporation, which is ultimately controlled by SCOR SE France, a publicly owned French holding company of a global reinsurance group.

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, 2014:



As of December 31, 2014, the Company was party to the following agreements with other members of its holding company system:

Cost Sharing Agreement

Effective July 1, 2008, the Company had agreed to provide services relating to data information, human resources, legal, risk management, treasury and actuarial, accounting/financial, management, claims, investment management, office space and marketing. The parties to the agreement are the Company, SCOR Global Life US Re Insurance Company (Texas) and other affiliates. The agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Effective July 28, 2008, the Company had agreed to provide services relating to data information, human resources, legal, risk management, treasury and actuarial, accounting/financial management, claims, investment management, office space and marketing. The parties to the agreement are the Company, GSNIC, GSINDA, SCOR US and other affiliates. The agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Effective May 18, 2009, the Company entered into a service agreement with SCOR Switzerland AG (“SSAG”). The two parties also entered into a separate Swiss Trans-border data flow agreement within the subject agreement. The Company provides administrative, accounting and claims related services to SSAG. The data flow agreement provides adequate protection for personal data in situations in which such data is transferred from SSAG (“the data exporter”) established in Switzerland to the Company (“the data importer”) established in the USA, for the purposes of processing such data on behalf of the data exporter. The agreement was amended three times to revise various rates and attachment. The agreement and amendments were filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Effective January 22, 2008, the Company entered into a service agreement with SCOR Canada Reinsurance Company (“SCOR Canada”). The Company will perform such claims management services on behalf of SCOR Canada as are necessary for the due and proper settlement of claims for SCOR Business Solutions facultative and non-proportional business. The agreement was amended to include

underwriting services to be performed by the Company. The agreement and amendment were filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Effective January 1, 2015, the Company entered into a service agreement with SCOR UK Company Limited (“SCOR UK”). The Company will provide services relating to underwriting, claims and legal. The agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Parental Guarantee

Effective March 1, 2012, the Company, GSNIC and GSINDA entered into a guarantee cost allocation agreement with the ultimate parent company SCOR SE. Under the agreement, SCOR SE guarantees on behalf of and for the benefits of certain affiliates the full and prompt performance of all their payment obligations under all insurance and reinsurance contracts. SCOR SE is required to allocate a charge to each of the subsidiaries in consideration of the guarantees provided under the parental guarantee agreement. The agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Share Recharge Agreement

Effective January 1, 2011, SCOR SE entered into a share recharge agreement among its French and foreign subsidiaries and branches. SCOR SE will grant Free Shares Awards to beneficiaries who are employees and representatives of SCOR SE’s subsidiaries and branches. The subsidiaries and branches agree to reimburse SCOR SE for the cost associated with issuing SCOR SE’s shares to the beneficiaries. The agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Tax Sharing Agreement

Effective January 1, 2007, the Company is a party to a tax sharing agreement with SCOR US (Parent), GSINDA, and Cal Re Management (affiliate). Each subsidiary will provide the parent funds to cover its individual federal income tax liability. Settlements will be made within 30 days of filing the consolidated income tax return. The agreement was amended several times to change some provisions

including adding GSNIC on December 31, 2011. The agreement and amendments were filed with the Department pursuant to Section 1505 of the New York Insurance Law.

Secondment Agreement

Effective August 11, 2014, the Company entered into a Secondment agreement with SCOR Asia (“SCOR Asia”) whereby, the Company placed Jonathan Beerman on Secondment at SCOR Asia. Jonathan Beerman will provide SCOR Asia with services commensurate with his duties as Manager-Technical Accounting and Administration. Mr. Beerman will remain an employee of the Company. The Company will provide all compensation and benefits for which he is entitled and SCOR Asia will reimburse the Company for 100% of the cost of Mr. Beerman’s compensation, benefits, employer contribution and all taxes assessed as a result of the agreement. The agreement was placed on file at the Department.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2014, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	136%
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	4%
Premiums in course of collection to surplus as regards policyholders	74%

All of the above ratios fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners.

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

	<u>Amounts</u>	<u>Ratios</u>
Losses and loss adjustment expenses incurred	\$2,320,641,605	66.86%
Other underwriting expenses incurred	1,176,200,513	33.89%
Net underwriting loss	<u>(26,178,573)</u>	<u>(0.75)%</u>
Premiums earned	<u>\$3,470,663,545</u>	<u>100.00%</u>

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2014 as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$1,722,524,755	\$0	\$1,722,524,755
Common stocks (stocks)	866,358	866,358	0
Cash, cash equivalents and short-term investments	25,991,156	0	25,991,156
Other invested assets	24,726,390	0	24,726,390
Receivables for securities	527,806	0	527,806
Investment income due and accrued	10,197,262	0	10,197,262
Uncollected premiums and agents' balances in the course of collection	46,611,141	824,931	45,786,210
Deferred premiums, agents' balances and installments booked but deferred and not yet due	260,758,933	0	260,758,933
Accrued retrospective premiums	8,476,183	847,618	7,628,565
Amounts recoverable from reinsurers	25,569,616	0	25,569,616
Funds held by or deposited with reinsured companies	45,783,674	0	45,783,674
Current federal and foreign income tax recoverable and interest thereon	388,453	0	388,453
Net deferred tax asset	185,214,680	93,382,785	91,831,895
Electronic data processing equipment and software	489,473	271,807	217,666
Furniture and equipment, including health care delivery assets	11,419,271	11,419,271	0
Receivables from parent, subsidiaries and affiliates	7,644,752	0	7,644,752
Reinsurance Balances Receivable	1,013,326	1,013,326	0
Other Assets	794,611	794,611	0
Receivable for Securities	2,187	2,187	0
Miscellaneous Receivable	<u>520</u>	<u>0</u>	<u>520</u>
 Total Assets	 <u>\$2,379,000,547</u>	 <u>\$109,422,894</u>	 <u>\$2,269,577,653</u>

Liabilities, Surplus and Other Funds

<u>Liabilities</u>	<u>Company</u>
Losses and Loss Adjustment Expenses	\$1,083,248,150
Reinsurance payable on paid losses and loss adjustment expenses	27,850,941
Commissions payable, contingent commissions and other similar charges	16,188,258
Other expenses (excluding taxes, licenses and fees)	18,743,796
Taxes, licenses and fees (excluding federal and foreign income taxes)	349,630
Unearned premiums	285,344,670
Ceded reinsurance premiums payable (net of ceding commissions)	55,723,785
Funds held by company under reinsurance treaties	49,233,528
Remittances and items not allocated	1,132,455
Provision for reinsurance	1,434,318
Payable to parent, subsidiaries and affiliates	3,396,646
Derivatives	4,956,857
Payable for securities	915,866
Accrued minimum pension liability	<u>16,796,559</u>
Total liabilities	<u>\$1,565,315,459</u>
<u>Surplus and Other Funds</u>	
Common capital stock	\$5,000,000
Gross paid in and contributed surplus	338,397,860
Unassigned funds (surplus)	<u>360,864,334</u>
Surplus as regards policyholders	<u>\$704,262,194</u>
Total liabilities, surplus and other funds	<u>\$2,269,577,653</u>

Note: The Internal Revenue Service has completed its audits of the Company's consolidated federal income tax returns through tax year 2010. All material adjustments, if any, made subsequent to the date of examination and arising from said audits, are reflected in the financial statements included in this report. The Internal Revenue Service has not yet begun to audit tax returns covering tax years 2011 through 2014. 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

Net income for the five year examination period, January 1, 2010 through December 31, 2014, was \$158,838,951 detailed as follows:

Underwriting Income

Premiums earned		\$3,470,663,545
Deductions:		
Losses and loss adjustment expenses incurred	\$2,320,641,605	
Other underwriting expenses incurred	<u>1,176,200,513</u>	
Total underwriting deductions		<u>3,496,842,118</u>
Net underwriting gain or (loss)		(26,178,573)

Investment Income

Net investment income earned	148,002,526	
Net realized capital gain	<u>106,858,857</u>	
Net investment gain or (loss)		254,861,383

Other Income (loss)

Net gain or (loss) from agents' or premium balances charged off	(1,727,268)	
Aggregate write-ins for miscellaneous income (loss)	<u>(88,933,477)</u>	
Total other income (loss)		<u>(90,660,745)</u>
Net income before dividends to policyholders and before federal and foreign income taxes		138,022,065
Federal and foreign income taxes incurred		<u>(20,816,886)</u>
Net Income		<u>\$158,838,951</u>

C. Capital and Surplus Account

Surplus as regards policyholders increased \$152,487,028 during the five-year examination period January 1, 2010 through December 31, 2014, detailed as follows:

Surplus as regards policyholders per report on examination as of December 31, 2009			\$551,775,166
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$158,838,951		
Net unrealized capital gains or (losses)	16,310,623		
Change in net unrealized foreign exchange capital gain (loss)		14,994,458	
Change in net deferred income tax		64,435,562	
Change in nonadmitted assets	40,444,807		
Change in provision for reinsurance	7,494,476		
Change in surplus notes		156,766,000	
Cumulative effect of changes in accounting principles	53,206,418		
Surplus adjustments paid in		574,567,114	
Surplus adjustments transferred from capital	747,000,000		
Dividends to stockholders		47,500,000	
Aggregate write-ins for gains and losses in surplus	<u>0</u>	<u>12,545,113</u>	
Net increase (decrease) in surplus	<u>\$1,023,295,275</u>	<u>\$870,808,247</u>	<u>152,487,028</u>
Surplus as regards policyholders per report on examination as of December 31, 2014			<u>\$704,262,194</u>

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$1,083,248,150 is the same as reported by the Company as of December 31, 2014. 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 (“SSAP No. 55”).

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

<u>ITEM</u>	<u>PAGE NO.</u>
A	
<u>Reinsurance</u>	
It was recommended that the Company comply with SSAP No 62, paragraph 8(d) regarding the inclusion of a reporting clause.	10
The Company has complied with this recommendation.	
B	
<u>Holding Company System</u>	
It was recommended that the Company comply with the provisions of Section 1603 of the New York Insurance Law regarding the purchase of a subsidiary.	13
The Company has complied with this recommendation.	
C	
<u>Risk Management and Internal Controls</u>	
i.	
Audit Committee	
It is recommended that the Committee adopt a formal charter so the effectiveness of the committee can be measured locally.	14
The Company has complied with this recommendation.	
ii.	
Audit Committee – Internal Audit	
It is recommended that the local audit committee become part of the internal audit process, so that the effectiveness of the internal audit process can be measured locally.	14
The Company has complied with this recommendation.	

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no recommendations in the report on examination.

APPOINTMENT NO. 31217

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, BENJAMIN M. LAWSKY, 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:

Maribel Nuñez

as a proper person to examine the affairs of the

Scor Reinsurance Company

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

COMPANY

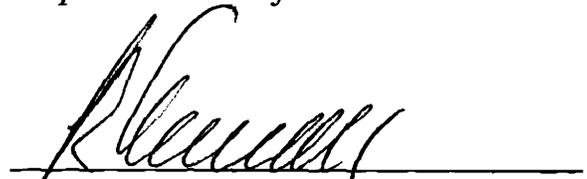
with such other information as he shall deem requisite.

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

this 30th day of September, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:



Rolf Kaumann
Deputy Chief Examiner

