# REPORT ON EXAMINATION
# OF
# TOKIO MARINE AMERICA INSURANCE COMPANY

## AS OF DECEMBER 31, 2020

**EXAMINER:** **KEVIN MCNAMEE**
**DATE OF REPORT:** **MAY 3, 2022**

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May 3, 2022

Honorable Adrienne A. Harris
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 32154 dated October 1, 2020, attached hereto, I have made an examination into the condition and affairs of Tokio Marine America Insurance Company as of December 31, 2020, and submit the following report thereon.

Wherever the designation "the Company" or "TMAIC" appears herein without qualification, it should be understood to indicate Tokio Marine 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.

Due to the COVID-19 pandemic, the examination was conducted remotely.

## 1. SCOPE OF EXAMINATION

The Department has performed an examination of Tokio Marine America Insurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2015. This examination covered the five-year period from January 1, 2016, through December 31, 2020. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination was conducted in conjunction with the Commonwealth of Pennsylvania, which was the lead state of the Tokio Marine Holdings Group. The examination was performed concurrently with the examinations of the following insurers:

| Company | Domicile |
|---|---|
| Philadelphia Indemnity Insurance Company ("PIIC") | Pennsylvania |
| TM Specialty Insurance Company ("TMS") | Arizona |
| TNUS Insurance Company ("TNUS") | New York |
| Tokio Marine Specialty Insurance Company ("TMSIC") | Delaware |
| Trans Pacific Insurance Company ("TPI") | New York |

Other states participating in this examination were Arizona and Delaware.

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

Tokio Marine America Insurance Company was incorporated under the laws of the State of New York on August 13, 1998, as the TM Casualty Insurance Company and commenced business on September 23, 1999. At that time, the Company was a wholly owned subsidiary of The United States Branch of Tokio Marine & Nichido Fire Insurance Co., Ltd. of Tokyo, Japan ("TMNF-USB"). Effective March 15, 2012, the Company's name was changed from TM Casualty Insurance Company to its current title.

Effective December 31, 2013, in conjunction with its domestication, TMNF-USB, the Company's former parent, merged with and into TMAIC, with TMAIC remaining as the surviving entity. TMNF-USB was operating in the U.S. as a branch of Tokio Marine & Nichido Fire Insurance Co., Ltd. of Tokyo, Japan, ("TMNF-Japan"), an alien insurer with its port of entry in New York. TMNF-USB was established in 1955 under the laws of the State of New York to engage in business on behalf of TMNF –Japan. The Department approved the domestication and merger transaction. Tokio Marine Management, Inc. ("TMM"), a U.S. affiliate, represents the Company as its manager. Effective December 31, 2015, Tokio Marine North America, Inc. ("TMNA"), the Company's parent, contributed the common stock of TMM, TNUS, TPI, and TM Specialty Insurance Company ("TMS") to TMAIC.

### 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 13 members. Corporate governance is performed at two levels. At a group level, TMM conducts quarterly and annual meetings where the affairs of the Company are discussed. The majority of discussions regarding the Company are held at this level. Corporate governance is performed at the individual entity level also. However, most of these board meetings are conducted by unanimous written consent. As noted in the by-laws, there is no requirement for the board of directors to physically meet.

At December 31, 2020, the board of directors was comprised of the following seven members:

| Name and Residence | Principal Business Affiliation |
|---|---|
| David Brooks<br>Altadena, CA | Senior Vice President,<br>Tokio Marine Management, Inc. |
| Ann Ginn<br>Summit, NJ | Executive Vice President and Chief Underwriting Officer,<br>Tokio Marine Management, Inc. |
| B. Steven Goldstein<br>New York, NY | Executive Vice President and General Counsel,<br>Tokio Marine Management, Inc. |
| David Gottschall<br>Tarrytown, NY | Senior Vice President and Chief Quality Officer,<br>Tokio Marine Management, Inc. |
| Yasuhiro Miyoshi<br>Purchase, NY | Senior Vice President,<br>Tokio Marine Management, Inc. |
| Daisuke Ugaeri<br>New York, NY | Senior Vice President,<br>Tokio Marine Management, Inc. |
| Kiyoshi Wada<br>New York, NY | President and Chief Executive Officer,<br>Tokio Marine Management, Inc. |

As of December 31, 2020, the principal officers of the Company were as follows:

| Name | Title |
|---|---|
| Kiyoshi Wada | President |
| Karen A. Gilmer-Pauciello | Chief Financial Officer |
| Edward F. Sayago | Secretary |
| Michael W. Kelly | Treasurer |
| Matthew DiNapoli | Senior Vice President |

## B. Territory and Plan of Operation

As of December 31, 2020, the Company was licensed to write business in all 50 states, the District of Columbia, and the Commonwealth of 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(i) | Accident & health |
| 4 | Fire |
| 5 | Miscellaneous property |

| Paragraph | Line of Business |
|---|---|
| 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 |
| 26 | Gap |
| 28 | Service contract reimbursement |

The Company is authorized by Section 4102(c) to write insurance of every kind or description outside of the United States and reinsurance of every kind or description. The Company is also licensed to conduct the business of special risk insurance pursuant to Article 63 of the New York Insurance Law.

Based upon the lines of business for which the Company is licensed, and pursuant to the requirements of Articles 13, 41, and 63 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 250% of its authorized control level risk-based capital; therefore, the Company was required to maintain a surplus to policyholders in the amount of $206,641,705 as of December 31, 2020.

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 |
|---|---|---|---|
| 2016 | $424,537,689 | $ 81,961,744 | $506,499,433 |
| 2017 | $396,609,646 | $ 91,940,708 | $488,550,354 |
| 2018 | $414,329,017 | $ 94,917,178 | $509,246,195 |
| 2019 | $453,428,983 | $104,448,030 | $557,877,012* |
| 2020 | $505,321,249 | $103,871,814 | $609,193,063 |

*Rounding difference of $1

The Company's primary lines of business written and the respective share of direct written premiums in 2020 are ocean marine (17.0%), fire (15.1%), commercial auto liability (11.3%), allied lines (9.4%), and workers' compensation (9.0%). The Company's predominant territory market share of business in terms of direct premiums written is in California $165,347,695 (32.72%), and Texas $39,017,211 (7.72%). The Company markets its business through a network of appointed independent agents and national brokers totaling 412 producers.

Assumed reinsurance accounted for 17.1% of the Company's gross premium written as of December 31, 2020. The Company's assumed reinsurance program consists mainly of multi-line coverage assumed on a quota share basis, pursuant to the terms of treaty agreements with affiliated and unaffiliated reinsurers. A negligible amount of the Company's assumed reinsurance activity is attributable to its participation in various mandated pools.

## C. Reinsurance Ceded

The Company has structured its ceded reinsurance program as follows:

| Type of contract | Cession |
|---|---|
| *Property Per Risk Excess of Loss<br>3 layers | $95,000,000 excess of $5,000,000 in respect of each loss and each risk; subject to an ultimate net loss of $10,000,000 each and every loss occurrence and an annual ultimate net loss of $5,000,000 in regards to acts of terrorism for the first layer, ultimate net loss of $15,000,000 each and every loss occurrence and an annual ultimate net loss of $15,000,000 in regards to acts of terrorism for the second layer and an ultimate net loss of $15,000,000 each and every loss occurrence and an annual ultimate net loss of $75,000,000 in regards to acts of terrorism for the third layer. |
| Casualty Excess of Loss<br>4 layers<br>1st layer 83.5% placed<br>2nd layer 86% placed<br>3rd layer 82% placed<br>4th layer 80% placed | $27,000,000 excess of $3,000,000 subject to an ultimate net loss of $10,000,000 for all loss occurrences for the first layer, $21,000,000 for all loss occurrences for the second layer. $18,000,000 for all loss occurrences for the third layer and $18,000,000 for all loss occurrences for the fourth layer. |

| | |
|---|---|
| *Catastrophe Excess of Loss<br>2 layers<br>1st layer 65.00% placed<br>2nd layer 45.00% placed | $115,000,000 excess of $15,000,000 each and every loss occurrence subject to a liability limit of $25,000,000 each loss occurrence and $25,000,000 annual aggregate ultimate net loss in regards to acts of terrorism for the first layer and a liability limit of $90,000,000 each loss occurrence and $90,000,000 annual aggregate ultimate net loss in regards to acts of terrorism for the second layer. |
| Workers' Compensation Aggregate Stop Loss Excess of Loss | Aggregate limit of 22% of Net Earned Premium for business covered attachment point is 63% of Net Earned Premium. |
| Umbrella and Excess Liability Cessions Excess of Loss | $15,000,000 excess of $10,000,000 in respect of each loss occurrence. |
| Ocean Marine Excess of Loss<br>3 layers | $23,000,000 excess of $2,000,000 each and every loss, casualty or disaster. |

*TMNF-Japan is the largest participant in these treaties covering property and catastrophe risks.

Effective January 1, 2015, the Company entered into a quota share agreement with TMNF-Japan. Under the terms of this agreement, the Company cedes 100% quota share reinsurance on the Company's net liabilities for policies originally produced by Global Aerospace, Inc., a managing general agent.

Effective July 1, 2020, the Company entered into a 50% quota share agreement with TMNF-Japan, for net retained losses related to non-Japanese large commercial property, inland, and ocean marine business.

Effective January 1, 2020, the Company entered into an excess of loss reinsurance agreement with TMNF-Japan which provides coverage for a portion of the Company's liability related to ocean marine cargo risks. The reinsurer's liability under this contract shall not exceed $95,000,000 in excess of $25,000,000 with respect to each and every loss, casualty, or disaster.

In addition to the reinsurance coverage above described, the Company limits its exposure through the use of various facultative agreements, under which the Company cedes policies on an individual facultative basis. The agreements are in place with affiliated and non-affiliated companies.

Loss Portfolio Transfer

Effective April 1, 2012, the Company entered into a ceded retroactive reinsurance agreement with National Indemnity Company ("NIC"), an authorized, non-affiliated reinsurer, whereby the reinsurer agreed to assume 99% of the Company's ultimate net losses paid and losses payable and outstanding on or after April 1, 2012, with respect to covered business. On October 1, 2013, the retroactive reinsurance contract with NIC was amended to include an additional block of business formerly reinsured by affiliate Tokio Marine & Nichido Fire Insurance Company HK Ltd. Under the amendment, the Company cedes to NIC 100% of the ultimate net loss paid or payable by the Company with respect to covered business, subject to the aggregate limit of $124,917,824. The amended agreement covers all policies, certificates, binders, and cover notes of contracts of reinsurance written by the Company's former manager, Tokio Re Corporation, on or on behalf of the Company related to underwriting year 1997 and prior.

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.

The majority of ceded business was to unauthorized affiliated reinsurers. 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) of the New York Insurance Law.

It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized reinsurers. Letters of credit and trust accounts obtained by the Company to take credit for cessions to unauthorized reinsurers were reviewed for compliance with Department Regulations 133 and 114, respectively. No exceptions were noted.

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. 62R. Representations were supported by 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.

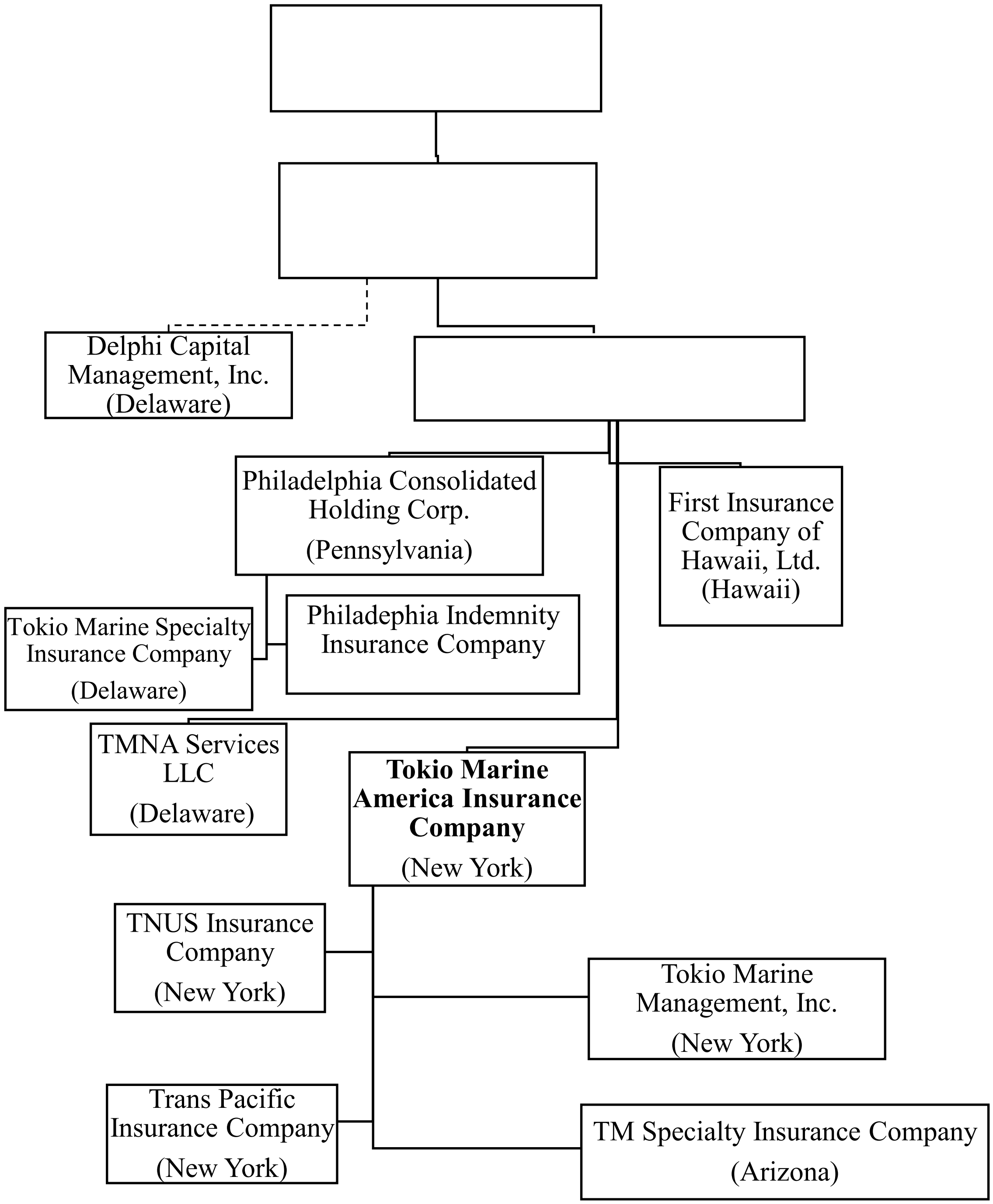
D. Holding Company System

The Company is a member of the Tokio Marine Holdings Group. The Company is a wholly owned subsidiary of TMNA, an insurance holding company domiciled in the state of Delaware. TMNA is a wholly-owned subsidiary of TMNF-Japan, an insurance company domiciled in Japan which is wholly owned by Tokio Marine Holdings, Inc., an insurance holding company organized under the Companies Act of Japan and publicly traded on the Tokyo Stock Exchange and the Osaka Securities Exchange. TMAIC wholly owns the following subsidiaries: TPIC, TNUS, TMS, and TMM, a non-insurance company.

The Company provides quota share reinsurance to its insurer subsidiaries whereby 100% of all premiums, losses, and loss adjustment expenses are ceded to TMAIC. Together with its subsidiaries, the Company provides traditional commercial coverage in North America for the Tokio Marine Holdings Group, as well as providing some personal lines of coverage.

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, 2020:




As of December 31, 2020, TMAIC was party to the following agreements with other members of its holding company system:

Services Agreement

Effective February 26, 2013, the Company and TMM entered into a service agreement with TMNA Services LLC ("TMNAS"), whereby TMNAS provides certain services such as accounting and finance, human resources, legal, investment, actuarial, enterprise risk management, and information technology to the Company. Pursuant to the terms of the agreement, services are to be provided at cost; allocations shall be on an equitable basis in accordance with Department Regulation 30. Reimbursements shall be payable by the Company and TMM within 15 days of receipt of the monthly invoice from TMNAS. This agreement was amended effective April 7, 2014. The Company incurred fees of $30,716,532 in 2020 for services provided under this agreement.

Management Agreement

Effective January 1, 2012, the Company entered into an amended and restated management agreement with TMM. Pursuant to the terms of the agreement, TMM provides certain management services to the Company, such as claims, underwriting, policyholder services, producer management, collection and handling of premiums and other funds, reinsurance, marketing support, product development and administration, and facilities. All expenses are to be allocated in accordance with Department Regulation 30 and to be reimbursed on a monthly basis. This agreement was amended on April 7, 2014. The Company incurred fees of $65,410,448 in 2020 for services provided under this agreement.

Tax Allocation Agreement

Effective with the tax year ending December 31, 2014, the Company entered into an intercompany tax allocation agreement, which was subsequently amended on numerous occasions. The terms of the agreement name TMNA as the parent of the group companies. The parties to the agreement agree that TMNA shall file a consolidated federal income tax return on behalf of the group companies. The group companies are TMNA's subsidiaries, including TMAIC, TMM, TPI, TMS, and TNUS.

Investment Management Agreement

Effective July 27, 2018, the Company entered into an investment management agreement with Delphi Capital Management, Inc. ("DCM"), an indirect wholly owned subsidiary of TMNF-Japan. Pursuant to the terms of the agreement, for a fee, DCM agrees to provide investment management services to the Company. Fees are to be settled no less than on a quarterly basis. In addition, the Company entered into an Investment Expense Sharing Agreement with DCM and its related affiliates for purposes of allocating certain investment costs incurred by DCM and affiliates during the performance of the investment services under this agreement.

All of the above agreements were filed with and non-disapproved by the Department pursuant to Section 1505 of the New York Insurance Law.

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2020, 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 | 63% |
| Adjusted liabilities to liquid assets | 82% |
| Two-year overall operating | 80% |

Underwriting Ratios

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

| | Amount | Ratio |
|---|---|---|
| Losses and loss adjustment expenses incurred | $1,008,843,671 | 70.80% |
| Other underwriting expenses incurred | 521,258,952 | 36.59 |
| Net underwriting gain (loss) | (105,315,016) | ( 7.39) |
| Premiums earned | $1,424,787,607 | 100.00% |

The Company's reported risk-based capital ("RBC") score was 541.8% at December 31, 2020. 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, 2020, as reported by the Company:

| Assets | Assets | Nonadmitted Assets | Net Admitted Assets |
|---|---|---|---|
| Bonds | $ 946,008,620 | $ 0 | $ 946,008,620 |
| Preferred stocks (stocks) | 22,678,203 | 0 | 22,678,203 |
| Common stocks (stocks) | 152,063,177 | 18,717,892 | 133,345,285 |
| Cash, cash equivalents, and short-term Investments | 89,107,332 | 0 | 89,107,332 |
| Receivables for securities | 11,750,000 | 0 | 11,750,000 |
| Investment income due and accrued | 9,058,453 | 0 | 9,058,453 |
| Uncollected premiums and agents' balances in the course of collection | 53,888,236 | 21,268,007 | 32,620,228 |
| Deferred premiums, agents' balances and installments booked but deferred and not yet due | 91,370,333 | 19,268,258 | 72,102,075 |
| Accrued retrospective premiums | 6,267,451 | 626,745 | 5,640,706 |
| Amounts recoverable from reinsurers | 29,341,867 | 0 | 29,341,867 |
| Funds held by or deposited with reinsured Companies | 322,842 | 0 | 322,842 |
| Other amounts receivable under reinsurance Contracts | 2,678,443 | 0 | 2,678,443 |
| Net deferred tax asset | 22,825,870 | 2,538,631 | 20,287,240 |
| Receivables from parent, subsidiaries and Affiliates | 237,455 | 0 | 237,455 |
| Funds held by or deposited with others | 1,593,744 | 0 | 1,593,744 |
| Amounts receivable under high deductible Policies | 2,944,987 | 0 | 2,944,987 |
| Prepaid expenses | 639,313 | 639,313 | 0 |
| Equities and deposits in pools and associations | 4,253,629 | 0 | 4,253,629 |
| Salvage / recoveries receivable | 275,939 | 0 | 275,939 |
| Premium tax credit receivable | 2,768,457 | 0 | 2,768,457 |
| Commission receivable | 720,000 | 0 | 720,000 |
| Total assets | $1,450,794,351 | $63,058,846 | $1,387,735,506 |

Liabilities, Surplus, and Other Funds

Liabilities

| | | |
|---|---|---|
| Losses and loss adjustment expenses | | $686,187,146 |
| Reinsurance payable on paid losses and loss adjustment expenses | | 2,055,095 |
| Commissions payable, contingent commissions, and other similar Charges | | 785,782 |
| Other expenses (excluding taxes, licenses and fees) | | 760,502 |
| Taxes, licenses, and fees (excluding federal and foreign income taxes) | | 4,091,724 |
| Current federal and foreign income taxes | | 3,028,636 |
| Unearned premiums | | 133,970,899 |
| Stockholders (dividends declared and unpaid) | | 73,000,000 |
| Policyholders (dividends declared and unpaid) | | 178,446 |
| Ceded reinsurance premiums payable (net of ceding commissions) | | 74,144,132 |
| Funds held by company under reinsurance treaties | | 2,744,237 |
| Amounts withheld or retained by company for account of others | | 6,888,526 |
| Remittances and items not allocated | | 465,620 |
| Provision for reinsurance | | 21,900,000 |
| Payable to parent, subsidiaries, and affiliates | | 13,979,841 |
| Payable for securities | | 698,575 |
| Retro reinsurance reserve ceded | | (72,754,825) |
| Miscellaneous other liabilities – Retro | | 2,071,981 |
| Other liabilities | | 70,262 |
| Accrued return premium | | 3,027,129 |
| Total liabilities | | $957,293,707 |
| Surplus and Other Funds | | |
| Other gain on retroactive reinsurance - restricted surplus | $ 35,207,005 | |
| Common capital stock | 5,000,100 | |
| Gross paid in and contributed surplus | 185,609,648 | |
| Unassigned funds (surplus) | 204,625,045 | |
| Surplus as regards policyholders | | 430,441,798 |
| Total liabilities, surplus and other funds | | $1,387,735,506 |

Note: The Internal Revenue Service has not audited tax returns covering tax years 2019 and/through 2020**.** Audits covering tax year 2018 is currently 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 $130,102,704, as detailed below:

| | | |
|---|---|---|
| Underwriting Income | | |
| Premiums earned | | $1,424,787,607 |
| Deductions: | | |
| Losses and loss adjustment expenses incurred | $1,008,843,671 | |
| Other underwriting expenses incurred | 521,258,952 | |
| Total underwriting deductions | | 1,530,102,623 |
| Net underwriting gain or (loss) | | $(105,315,016) |
| Investment Income | | |
| Net investment income earned | $220,541,432 | |
| Net realized capital gain | 3,391,913 | |
| Net investment gain or (loss) | | 223,933,345 |
| Other Income | | |
| Net loss from agents' or premium balances charged off | $ ( 741,710) | |
| Other gain on retroactive reinsurance | 13,911,898 | |
| Miscellaneous expenses | (248,127) | |
| Miscellaneous other income | 353,877 | |
| Total other income | | 13,275,938 |
| Net income before dividends to policyholders and before federal and foreign income taxes | | $131,894,267 |
| Dividends to policyholders | | 1,172,338 |
| Net income after dividends to policyholders but before federal and foreign income taxes | | $130,721,929 |
| Federal and foreign income taxes incurred | | 619,225 |
| Net income | | $130,102,704 |

C. Capital and Surplus

Capital paid in is $5,000,100 consisting of 50,001 shares of $100 par value per share common stock. Gross paid in and contributed surplus is $185,609,648 and is unchanged for the examination period.

Surplus as regards policyholders decreased $80,145,918 during the five-year examination period January 1, 2016, through December 31, 2020, as reported by the Company, detailed as follows:

| | | | |
|---|---|---|---|
| Surplus as regards policyholders as reported by the Company as of December 31, 2015 | | | $510,587,716 |
| | Gains in Surplus | Losses in Surplus | |
| Net income | $130,102,704 | | |
| Net unrealized capital gains or (losses) | | $ 24,850,279 | |
| Change in net deferred income tax | | 13,804,647 | |
| Change in nonadmitted assets | | 16,230,999 | |
| Change in provision for reinsurance | | 20,139,047 | |
| Dividends to stockholders | | 144,000,000 | |
| Adjustment to beginning surplus | 8,776,350 | 0 | |
| Total increases and decreases | $138,879,054 | $219,024,972 | |
| Net decrease in surplus | | | (80,145,918) |
| Surplus as regards policyholders as reported by the Company as of December 31, 2020 | | | $430,441,798 |

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

## 4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $686,187,146 is the same as reported by the Company as of December 31, 2020. Workers' compensation, other liability-occurrence, and commercial auto liability lines of business contain the most significant reserves. The examination analysis of the loss and loss adjustment expense reserves was conducted in accordance with actuarial standards of practice 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 operations and financial position. The Department continues to monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

## 6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained no comments or recommendations.

## 7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

This report on examination contains no comments or recommendations.

Respectfully submitted,

_______________/S/________________
Kevin McNamee
Associate Insurance Examiner

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

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

____________/S/___________
Kevin McNamee

Subscribed and sworn to before me

this_________ day of __________________, 2022.

*APPOINTMENT NO. 32154*

*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:*

***Kevin McNamee***

*as a proper person to examine the affairs of the*

***Tokio Marine 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 21st day of October, 2020*

*LINDA A. LACEWELL*
*Superintendent of Financial Services*

*By:*

Joan Riddell

*Joan Riddell*
*Deputy Bureau Chief*

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

EXCELSIOR