



**REPORT ON EXAMINATION
OF
SAMSUNG FIRE & MARINE INSURANCE CO., LTD.
(U.S. BRANCH)**

AS OF DECEMBER 31, 2020

**EXAMINER:
DATE OF REPORT:**

**NATALIE HOWE
APRIL 26, 2022**

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

April 26, 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 32275 dated September 9, 2021, attached hereto, I have made an examination into the condition and affairs of Samsung Fire & Marine Insurance Co., Ltd. (U.S. Branch) as of December 31, 2020, and submit the following report thereon.

Wherever the designation “the Branch” appears herein without qualification, it should be understood to indicate Samsung Fire & Marine Insurance Co., Ltd. (U.S. Branch).

Wherever the designation “Home Office” appears herein without qualification, it should be understood to indicate Samsung Fire & Marine Insurance Co., Ltd. (Korea).

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, this examination was conducted remotely.

1. SCOPE OF EXAMINATION

The Department has performed an examination of Samsung Fire & Marine Insurance Co., Ltd. (U.S. Branch), 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.

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 Branch by obtaining information about the Branch including corporate governance, identifying and assessing inherent risks within the Branch 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:

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

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

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

2. DESCRIPTION OF BRANCH

The Branch was established under the laws of the State of New York on April 1, 1990 as the U.S. Branch of the Ankuk Fire & Marine Insurance Co., Ltd., a property and casualty insurance company incorporated under the laws of the Republic of Korea on January 26, 1952. On December 6, 1993, Ankuk Fire & Marine Insurance Co., Ltd. changed its name to Samsung Fire & Marine Insurance Co., Ltd. and the Branch officially adopted its current title on January 14, 1994.

Pursuant to Section 1312 of the New York Insurance Law, the Branch keeps in trust, for the exclusive benefit of its policyholders and creditors, funds sufficient to cover liabilities and statutory deposit requirements. The Branch's funds, which are trusteeed, are subject to withdrawal only with the consent of the Department. As of December 31, 2020, these assets along with deposits with state insurance departments for the protection of all policyholders amounted to \$48,969,006. The Branch's minimum surplus requirement is \$3,700,000. The Branch reported \$43,112,935 in trusteeed surplus as of December 31, 2020.

A. Corporate Governance

As a U.S. branch of an alien insurer licensed in this state, the Branch is required to conduct its business through a U.S. manager. Effective January 1, 2012, the managing directors of Samsung Fire & Marine Management Corporation ("the Manager") oversee the affairs of the Branch pursuant to the management agreement between the Branch and the Manager. The Manager was established by the Home Office in 2011 and replaced a non-affiliated U.S. manager. The management agreement was approved by the Department on December 2, 2011.

The Branch has no directors or principal officers. At December 31, 2020, the board of directors of the Manager was comprised of the following five members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Dong Kyu Lee Norwood, New Jersey	President and Chief Executive Officer, Samsung Fire & Marine Management Corporation
Jae Bong Choi Edgewater, New Jersey	Vice President, Samsung Fire & Marine Management Corporation
Myong Sik Oh Song Pa, Seoul, Korea	Director, Samsung Fire & Marine Management Corporation

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Kyong U Yun Norwood, New Jersey	Chief Operations Officer, Chief Underwriting Officer, and Chief Claims Officer, Samsung Fire & Marine Management Corporation
Dong Hee Park Yongin, Kyounggi Do, Korea	Director, Samsung Fire & Marine Management Corporation

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

<u>Name</u>	<u>Title</u>
Dong Kyu Lee	President and Chief Executive Officer
Kyong U Yun	Chief Operating Officer

The 2020 NAIC Annual Statement General Interrogatories questions 16 and 17 requests a yes or no response to:

“Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?”

“Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?”

The Branch responded “yes” to General Interrogatories’ questions 16 and 17. A review of the minutes of the Manager’s board of director meeting minutes for the examination period noted that investment transactions were not approved by the Manager’s board of directors for examination years 2018, 2019, and 2020.

It is recommended that the Manager’s board of directors approve the investment transactions of the Branch. It is also recommended that the Manager implement controls to ensure that it completes the Branch’s annual statement filing in accordance with NAIC Annual Statement Instructions.

Audit Committee Meetings

Article III, Section 2.01 of the Manager’s Audit Committee Charter state, in part:

“The Audit Committee shall hold its regular meeting semi-annually and under the direction of the Chairman, shall have the authority to schedule additional meetings or to cancel scheduled meetings as necessary.”

A review of the Manager's Audit Committee meeting minutes for the examination period indicated that no Audit Committee meetings were scheduled, and none were conducted for the 2018, 2019 and 2020 examination years, as required by the Manager's Audit Committee Charter.

It is recommended that Audit Committee meetings be scheduled and held as required by the Manager's Audit Committee Charter.

Risk Management Committee Meetings

Article II, Section 2.01 of the Manager's Risk Management Committee Charter state, in part:

“The Risk Management Committee shall hold its regular meetings quarterly and under the direction of the Chairman, shall have the authority to schedule additional meetings or to cancel scheduled meetings as necessary.”

A review of the Risk Management Committee meeting minutes for the examination period indicated that no Risk Management Committee meetings were scheduled, and none were conducted for the 2018, 2019, and 2020 examination years, as required by the Manager's Risk Management Committee Charter.

It is recommended that Risk Management Committee meetings be scheduled and held as required by the Manager's Risk Management Committee Charter.

External Auditor Awareness Letter

Department Regulation No. 118 requires an awareness letter to be obtained from the external auditor. Specifically, part 89.4(b) states:

“The company shall obtain a letter from the CPA, and file a copy with the superintendent, stating that the CPA is aware of the provisions of the insurance law and the regulations thereunder of the state of domicile that relate to accounting and financial matters and affirming that the CPA will express his or her opinion on the financial statements in terms of their conformity to the statutory accounting practices prescribed or otherwise permitted by that insurance department, specifying such expectations of the CPA may believe appropriate.”

A review of the CPA letters noted no awareness letter had been obtained by the Branch during the examination period.

It is recommended that the Branch comply with Department Regulation No. 118, part 89.4(b), by obtaining an awareness letter annually from the CPA.

B. Territory and Plan of Operation

As of December 31, 2020, the Branch was licensed to write business in 44 states and the District of Columbia.

As of the examination date, the Branch 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>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity
29	Legal services

The Branch is also empowered to transact such workers' compensation insurance as may be incident to coverages contemplated under paragraphs 20 and 21 of Section 1113(a), 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) to the extent permitted by certified copy of its charter document on file in this Department, provided however, that the authority conferred by this license shall be limited to the writing of contracts issued for delivery in the United States, insuring risks of policyholders within the United States.

Based upon the lines of business for which the Branch is licensed, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Branch is required to maintain a minimum surplus to policyholders in the amount of \$3,700,000 and to maintain its trusted surplus at or above its level of minimum surplus to policyholders.

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

<u>Calendar Year</u>	<u>Direct Premiums</u>	<u>Assumed Premiums</u>	<u>Total Gross Premiums</u>
2016	\$110,930,546	\$7,950,482	\$118,881,028
2017	\$ 36,561,198	\$7,856,823	\$ 44,418,021
2018	\$ 35,351,543	\$7,391,977	\$ 42,743,520
2019	\$ 36,725,617	\$4,613,231	\$ 41,338,848
2020	\$ 33,544,576	\$4,454,237	\$ 37,998,813

The Branch is primarily engaged in writing Samsung branded risks in the United States, including ocean marine, other liability, and product liability. Non-Samsung branded lines were written between 2012 and 2017 by the Branch for U.S. risks including commercial multiple peril, workers' compensation, and commercial auto lines. Business is produced through retail and wholesale agents.

The Branch's assumed reinsurance accounted for approximately 11.7% of the Branch's gross premium written at December 31, 2020. The majority of assumed business consists of ocean marine. Beginning in 2016, the Branch assumed facultative reinsurance business from various non-affiliated insurers covering ocean marine risk in Latin America. The assumed premium written for these facultative reinsurance businesses at December 31, 2020 was \$3.9 million.

Office of General Counsel ("OGC") Opinion, dated October 25, 1973, states, in part:

" . . . business produced through production sources in the United States where the policies are issued by United States branches of alien companies in the United States and the premiums are received by the U.S. branch in this country for the account of either resident or non-resident policyholders comes within the authority of the license granted by this Department to a U.S. branch of an alien insurer. Such authority would extend to the issuing of policies in the United States on risks located both within or without the United States. . ."

It is noted that the Branch utilized the services of a non-U.S. broker for the production of its Latin American business. In accordance with the guidance provided in the aforementioned OGC Opinion, it is recommended that the Branch only utilize the services of licensed U.S. brokers in the production of its business.

Due to the loss portfolio transfer and non-renewal of the non-Samsung business in 2017, the net exposure of the Branch was significantly reduced.

C. Reinsurance Ceded

The Branch's reinsurance program includes a combination of excess of loss and quota share coverage. The Branch has structured its ceded reinsurance program as follows:

<u>Type of Treaty</u>	<u>Cession</u>
<u>Property – Facultative Quota Share</u>	100% of select policies that have any location exceeding \$2 million; percentage may vary by each account.
<u>Casualty - Excess of Loss</u>	\$9,500,000 excess of \$1,500,000 per occurrence, with aggregate limits of \$9,500,000 per occurrence as respects acts of terrorism and \$19,000,000 in all during the term of the contract.
<u>Workers' Compensation - Quota Share</u>	40% quota share with limits of \$1,500,000 per occurrence limit and a contract term limit of 250% of the Branch's earned premiums.
<u>Cargo - Excess of Loss</u> (Two Layers)	<p><u>First Excess Layer</u> \$6,000,000 excess of \$1,500,000 per occurrence with a term limit of \$18,000,000.</p> <p><u>Second Excess Layer</u> Brazil \$9,700,000 excess of \$7,500,000 per occurrence with a term limit of \$19,400,000. Non-Brazil \$7,500,000 excess of \$7,500,000 per occurrence with a term limit of \$15,000,000.</p> <p>Combined term limit is \$19,400,000.</p>
<u>Cargo – Quota Share</u>	50% of net liability with a \$15,000,000 limit per risk.

A majority of the reinsurance recoverable is from Korean Reinsurance Company ("Korean Re"), an unauthorized unaffiliated reinsurer. The reinsurance recoverable balance from Korean Re as of the examination date was \$25,985,000. The Branch maintains collateral held in the amount of \$83,967,000 from Korean Re as of the examination date. Korean Re is rated A by AM Best as of December 31, 2020.

On December 21, 2017, the Branch completed a ceded loss portfolio transfer reinsurance agreement with an authorized non-affiliated reinsurer, effective October 1, 2017, whereby the reinsurer agreed to assume 100% of the Branch's loss and allocated loss adjustment expense reserves outstanding as of September 30, 2017 relating to accident years 2000 through 2017. The agreement transferred initial reserves in the amount of \$109,864,703 which developed to \$119,522,885 at December 31, 2020 due to adverse

development of \$9,658,182. The Branch paid a premium of \$109,736,625 and reported \$9,786,260 as an aggregate write-in “Special Surplus from Retroactive Reinsurance” as of December 31, 2020. The agreement provides that the reinsurer will pay the ultimate net loss up to a maximum aggregate amount of \$200,000,000. In addition, the agreement provides that the reinsurer establish a collateral trust account whereby the reinsured liabilities are 110% collateralized. Finally, pursuant to the terms of the agreement, the collection of all amounts due in respect of the reinsured risks under third-party reinsurance agreements is the responsibility of the reinsurer. As of the examination date, there is a contra-liability in the amount of \$(42,838,649) related to this agreement. The agreement was accounted for by the Branch pursuant to the provisions of Department Regulation 108 and pursuant to the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles (“SSAP”) No. 62R and SSAP No. 75.

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

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 Branch in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in the SSAP No. 62R. Representations were supported by appropriate risk transfer analyses and an attestation from the Manager's Chief Executive Officer. Additionally, examination review indicated that the Branch 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

Pursuant to Section 1502(a) of the New York Insurance Law, authorized insurers, including alien insurers transacting business in this state through United States branches, or their subsidiaries are not deemed to be holding companies within the meaning of Article 15 of the New York Insurance Law, and accordingly are exempt from its provisions. However, pursuant to Department Circular Letter 10 (2010),

every domestic insurer that is exempt from Article 15 of the New York Insurance Law is required to furnish the superintendent with copies of the insurance holding company system annual registration statement (“NAIC Form B”) filed in another state by the insurer. If the insurer is not required to file NAIC Form B in another state, then the insurer should file the information contained in the filing with the Department within 120 days following the close of its fiscal year.

The Branch filed its NAIC Form B with the Department in a timely manner for all years under examination.

E. Significant Ratios

The Branch’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.

<u>Operating Ratios</u>	<u>Result</u>
Net premiums written to policyholders’ surplus	14%
Adjusted liabilities to liquid assets	33%
Two-year overall operating	73%

Underwriting Ratios

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

	<u>Amount</u>	<u>Ratio</u>
Losses and loss adjustment expenses incurred	\$164,717,528	120.17%
Other underwriting expenses incurred	52,187,942	38.08%
Net underwriting gain (loss)	<u>(79,840,598)</u>	<u>(58.25)%</u>
Premiums earned	<u>\$137,064,872</u>	<u>100.00%</u>

The Branch’s reported risk-based capital (“RBC”) score was 989.5% 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 Branch’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 Branch:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$87,290,635		\$87,290,635
Cash and short-term investments	12,472,016		12,472,016
Invested assets	5,147		5,147
Investment income due and accrued	635,883		635,883
Uncollected premiums and agents' balances in the course of collection	3,125,978	623,447	2,502,531
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,380,428		1,380,428
Amounts recoverable from reinsurers	4,262,530		4,262,530
Funds held by or deposited with reinsured companies	2,425,818		2,425,818
Current federal and foreign income tax recoverable and interest thereon	91,072		91,072
Net deferred tax asset	15,585,366	13,695,366	1,890,000
Electronic data processing equipment and software	29,728		29,728
Furniture and equipment, including health care delivery assets	16,459	16,459	0
Leasehold	8,495	8,495	
Funds held asset	30,981	30,981	
Prepaid expenses	110,249	110,249	
Other asset	<u>2,423</u>	<u>668</u>	<u>1,755</u>
Total assets	<u>\$127,473,208</u>	<u>\$14,485,665</u>	<u>\$112,987,543</u>

Liabilities, Surplus and Other Funds

Losses and loss adjustment expenses		\$ 58,462,213
Reinsurance payable on paid losses and loss adjustment expenses		221,276
Other expenses (excluding taxes, licenses and fees)		557,533
Taxes, licenses and fees (excluding federal and foreign income taxes)		2,158,711
Unearned premiums		4,206,035
Ceded reinsurance premiums payable (net of ceding commissions)		2,140,965
Funds held by company under reinsurance treaties		2,308,434
Amounts withheld or retained by company for account of others		2,377,688
Provision for reinsurance		1,760,537
Payable to parent, subsidiaries and affiliates		388,757
Due to Alea North (Direct Loss paid by Alea)		3,436,331
Premium deficiency reserve		334,784
Retro reinsurance reserve ceded (contra liability)		(42,838,649)
Other reserve ceded (contra-liab)		<u>(509,229)</u>
Total liabilities		\$ 35,005,386
<u>Surplus and Other Funds</u>		
Statutory deposit	\$ 1,925,000	
Special Surplus from retroactive reinsurance	9,786,260	
Unassigned funds (surplus)	<u>66,270,897</u>	
Surplus as regards policyholders		<u>77,982,157</u>
Total liabilities, surplus and other funds		<u>\$112,987,543</u>

Note: The examiner is unaware of any potential exposure of the Branch to any tax assessment and no liability has been established herein relative to such contingency.

B. Statement of Income

The net loss for the examination period as reported by the Branch was \$61,170,830, as detailed below:

Underwriting Income

Premiums earned		\$137,064,872
Deductions:		
Losses and loss adjustment expenses incurred	\$164,717,528	
Other underwriting expenses incurred	53,508,201	
Premium deficiency reserve	<u>(1,320,257)</u>	
Total underwriting deductions		<u>216,905,472</u>
Net underwriting gain (loss)		\$ (79,840,600)

Investment Income

Net investment income earned	\$ 9,896,376	
Net realized capital gains (losses)	<u>(575,806)</u>	
Net investment gain		9,320,570

Other Income

Retroactive reinsurance	\$ 9,787,600	
Net loss from agents' or premium balances charged off	<u>(529,473)</u>	
Total other income		<u>9,258,127</u>
Net loss before federal and foreign income taxes		\$(61,261,903)
Federal and foreign income taxes incurred		<u>91,073</u>
Net income (loss)		<u>\$(61,170,830)</u>

C. Surplus as regards policyholders

Surplus as regards policyholders increased \$29,225,053 during the five-year examination period January 1, 2016 through December 31, 2020, as reported by the Branch, detailed as follows:

Surplus as regards policyholders as reported by the Branch as of December 31, 2015			\$48,757,104
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net loss		\$61,170,830	
Change in net deferred income tax	\$ 7,702,678		
Change in non-admitted assets	3,964,655		
Change in provision for reinsurance	2,185,753		
Net remittances from home office	78,000,000		
Prior period adjustment	<u>0</u>	<u>1,457,203</u>	
Total gains and losses	\$91,853,086	\$62,628,033	
Net increase in surplus			<u>29,225,053</u>
Surplus as regards policyholders as reported by the Branch as of December 31, 2020			<u>\$77,982,157</u>

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

D. Trusteed Surplus Statement

The following statement shows the trustee surplus calculated in accordance with Section 1312 of the New York Insurance Law, as determined by the Branch:

Assets

Securities deposited with the Department of Financial Services for the protection of all policyholders and creditors within the United States:

New York	\$ 3,269,428	
Accrued investment income	<u>18,655</u>	
Total general deposits		\$ 3,288,083
Vested in and held by United States Trustee:		
Cash	123,438	
Bonds	45,235,544	
Accrued investment income	<u>321,940</u>	
Total vested in and held by United States Trustee		<u>45,680,922</u>
Total assets		<u>\$48,969,005</u>

Liabilities

Total liabilities \$35,005,386

Deductions from liabilities:

Reinsurance recoverable on paid losses and loss adjustment expenses:

Authorized companies	2,082,379	
Unauthorized companies	2,177,290	
Certified companies	2,860	
Special state deposits	17,233,942	
Accrued interest on special state deposits	254,877	
Agents' balances and uncollected premiums not more than 90 days past due not exceeding unearned premium reserves carried thereon	3,882,959	
Funds held	2,308,435	
Cash advanced for franchise deductible	<u>1,206,573</u>	

Total deductions 29,149,315

Net liabilities (Section 1312) \$ 5,856,071

Trusteed surplus (Section 1312) 43,112,935

Total liabilities and trustee surplus \$48,969,006

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$58,462,213 is the same as reported by the Branch as of December 31, 2020. 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. Reserves are concentrated in the workers' compensation and commercial multiple peril lines of business.

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, 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 Branch. The Department has been in communication with the Branch regarding the impact of COVID-19 on its operations and financial position. The Department continues to monitor the impact of the pandemic on the Branch and will take necessary action if a solvency concern arises.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

<u>ITEM</u>	<u>PAGE NO.</u>
<p>A. <u>Trusteed Surplus Insolvency and Impairment</u> The prior examination determined that as of December 31, 2015, the Branch's trustee surplus was insolvent in the amount of \$10,645,056 and its required to be maintained trustee surplus of \$3,700,000 was impaired in the amount of \$14,345,056.</p> <p>In December 2016, the Branch received \$78,000,000 in capital contributions from its Home Office. The \$78,000,000 capital contribution was enough to eliminate both the trustee surplus impairment and insolvency at the prior examination date, as a portion was deposited directly into the trustee asset account.</p> <p>The Branch exceeded the minimum trustee surplus requirement of \$3,700,000 during the examination period.</p>	<p>1, 17, 20</p>
<p>B. <u>Loss and Loss Adjustment Expenses</u> It was recommended that the Branch address the reserving inadequacies and increase its carried reserves to an appropriate level pursuant to the provisions of Section 1303 of the New York Insurance Law and Paragraph 10 of SSAP No. 55. A \$25,228,000 increase in losses and loss adjustment expenses was incorporated into the examination changes section of the prior examination report.</p> <p>The Branch has complied with this recommendation.</p>	<p>18, 19</p>
<p>C. <u>Premium Deficiency Reserve</u> A \$4,882,162 increase in the premium deficiency reserve was incorporated into the prior examination report.</p> <p>No findings for premium deficiency reserve were identified during this examination.</p>	<p>17, 19</p>
<p>D. <u>Provision for Reinsurance</u> An \$8,833,220 increase in the provision for reinsurance was incorporated into the prior examination report.</p> <p>No findings for the provision for reinsurance were identified during this examination.</p>	<p>17, 19</p>

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Corporate Governance</u>	
i. It is recommended that the Manager's board of directors approve the investment transactions of the Branch.	4
ii. It is also recommended that the Manager implement controls to ensure that it completes the Branch's annual statement filing in accordance with NAIC Annual Statement Instructions.	4
iii. It is recommended that Audit Committee meetings be scheduled and held, as required by the Manager's Audit Committee Charter.	5
iv. It is recommended that Risk Management Committee meetings be scheduled and held, as required by the Manager's Risk Management Committee Charter.	5
v. It is recommended that the Branch comply with Department Regulation No. 118, part 89.4(b), by obtaining an awareness letter annually from the CPA.	5
B. <u>Territory and Plan of Operations</u>	
It is recommended that the Branch only utilize the services of licensed U.S. brokers in the production of its business.	7

Respectfully submitted,

_____/S/_____
Natalie Howe, CFE
Supervisor – Financial Examinations, Examination Resources, LLC

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

Natalie Howe, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

_____/S/_____
Natalie Howe

Subscribed and sworn to before me

this _____ day of _____, 2022

APPOINTMENT NO. 32275

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:

Natalie Howe (consultant)

as a proper person to examine the affairs of the

Samsung Fire & Marine Insurance Co., Ltd. (U.S. Branch)

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

COMPANY

with such other information as she 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 9th day of September 2021

LINDA A. LACEWELL

Superintendent of Financial Services

By:

Joan Riddell

*Joan Riddell
Deputy Bureau Chief*

