



**REPORT ON EXAMINATION
OF
SOMPO AMERICA INSURANCE COMPANY
AS OF DECEMBER 31, 2021**

**EXAMINER:
DATE OF REPORT:**

**LAMIN JAMMEH
MAY 17, 2023**

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

May 17, 2023

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 32334 dated January 11, 2022, attached hereto, I have made an examination into the condition and affairs of Sampo America Insurance Company as of December 31, 2021, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Sampo 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.

1. SCOPE OF EXAMINATION

The Department has performed an examination of Sompco America Insurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2017. This examination covered the four-year period from January 1, 2018, through December 31, 2021. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination was conducted in conjunction with the State of Delaware, which was the lead state of the Sompco Group (the “Group”). The examination was performed concurrently with the examinations of the following insurers:

<u>Company</u>	<u>Domicile</u>
American Agri-Business Insurance Company (“AA-BIC”)	Texas
Bond Safeguard Insurance Company (“BSIC”)	South Dakota
Endurance American Insurance Company (“EAIC”)	Delaware
Endurance American Specialty Insurance Company (“EASIC”)	Delaware
Endurance Assurance Corporation (“EAC”)	Delaware
Endurance Risk Solutions Assurance Co. (“ERSAC”)	Delaware
Endurance Specialty Insurance Ltd. U.S. Reduced Collateral Reinsurance Trust (“ESIL RCT”)	Delaware
Endurance Specialty Insurance Ltd. U.S. Reinsurance Trust (“ESIL MBT”)	Delaware
Lexon Insurance Company (“LIC”)	Texas
Sompco America Fire & Marine Insurance Company (“SAFM”)	New York

Other states participating in this examination were South Dakota and Texas.

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

Sompo America Insurance Company (“SAIC”) was incorporated under the laws of the State of New York on August 9, 1962 as the Federation Insurance Company. It became licensed on January 1, 1963 and commenced business on the same date. The Company was previously known as the Yasuda Fire & Marine Insurance Company of America (name change effective July 7, 1972) and Sompo Japan Insurance Company of America (name change effective July 1, 2002). Effective January 1, 2017, the Company adopted its current name.

SAIC and its affiliate, SAFM, a New York-domiciled insurer, were wholly owned subsidiaries of Sompo America Holdings, Inc. (“SAH”). On December 31, 2017, SAH merged with and into Endurance U.S. Holdings Corp. (“EUSH”), a Delaware holding company, with EUSH as the surviving corporation.

On December 31, 2019, all of the issued and outstanding capital stock of the Company was contributed by EUSH as a capital contribution to EAC, a property and casualty insurance company domiciled in the state of Delaware. EAC is wholly owned by EUSH, which is an indirect wholly-owned subsidiary of Sompo Holdings, Inc. (“SHI”).

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. At December 31, 2021, the board of directors was comprised of the following seven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Michael Anthony Chang New York, NY	Executive Vice President, Global Risks Solutions, Endurance Services Limited
Christopher Brian Gallagher Hamilton, Bermuda	Chief Executive Officer, Commercial Property and Casualty, Sompo International Holdings Ltd.
Brian William Goshen Alpharetta, GA	Chief Administrative Officer, Endurance Services Limited
Entela Hana Purchase, NY	U.S. Chief Financial Officer, Endurance Services Limited
Windy Lee Lawrence New York, NY	General Counsel, Sompo International Holdings Ltd.
Michael James McGuire Hamilton, Bermuda	Chief Financial Officer, Sompo International Holdings Ltd.
Christopher Louis Sparro New York, NY	Chief Executive Officer, U.S. Insurance, Endurance Services Limited

Article II, Section I of the Company's bylaws states, in part:

Regular or special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called upon the written request of not less than three Directors. The first regular meeting immediately following the Annual Meeting of Stockholders shall be the Annual Meeting.

The board met once each calendar year from 2018 to 2020. The Company did not hold any meetings in the calendar year 2021. It is recommended that the board comply with its bylaws by holding at least one meeting each calendar year.

Section 1411(a) of the New York Insurance Law states, in part:

(a) No domestic insurer shall make any loan or investment, . . . unless authorized or approved by its board of directors or a committee thereof responsible for supervising or making such investment or loan. The committee's minutes shall be recorded and a report submitted to the board of directors at its next meeting.

During the review of the Company's board minutes, it was noted that the board, or its committee thereof, did not approve the Company's investment transactions. The Company provided documentation that the investment transactions were approved by an indirect parent's board of directors.

It is recommended that the Company institute procedures to ensure it complies with Section 1411(a) of the New York Insurance Law regarding approval of investment transactions by the Company's board or committee of the board.

As of December 31, 2021, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Michael Anthony Chang	President
Daniel Simeon Lurie	Secretary
Entela Hana	Treasurer
Richard Martin Appel	Senior Vice President
John Gregory Calotta	Senior Vice President
Lynn Stollsteimer Neville	Global Head of Insurance Claims

B. Territory and Plan of Operation

As of December 31, 2021, the Company was licensed to write business in all 50 states, the District of Columbia, 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>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine

<u>Paragraph</u>	<u>Line of Business</u>
21	Marine protection and indemnity
26(A)(B)(C)(D)	Gap
28	Service contract reimbursement

The Company is also empowered to transact such workers' compensation insurance as may be incidental to coverage contemplated under paragraphs 20 and 21 of Section 1113(a) of the New York Insurance Law, including 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). The Company is also licensed to write special risks pursuant to Article 63 of the New York Insurance Law and is authorized pursuant to Section 4102(c) of the New York Insurance Law to reinsure risks of every kind or description and insure property or risks of every kind or description located or resident outside of the United States, its territories and possessions.

Based upon the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company would be 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, in order to be licensed to write special risks, the Company is required to maintain a surplus as regards policyholders of at least 200% of its authorized control level risk-based capital; therefore, the Company was required to maintain a minimum surplus to policyholders in the amount of \$124,114,728 as of December 31, 2021.

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

<u>Calendar Year</u>	<u>Direct Premiums</u>	<u>Assumed Premiums</u>	<u>Total Gross Premiums</u>
2018	\$388,678,912	\$45,513,126	\$434,192,038
2019	\$361,764,768	\$72,449,433	\$434,214,201
2020	\$467,735,156	\$71,919,634	\$539,654,790
2021	\$553,991,116	\$67,465,235	\$621,456,351

In 2021, direct written premiums were mainly attributable to allied lines (49.7%), followed by workers' compensation (15.5%), and then other liability-occurrence (10.0%). Commercial umbrella was the main contributor to other liability-occurrence.

Approximately 94.4% of assumed premiums are due to business assumed from affiliate SAFM pursuant to a 100% quota share reinsurance agreement. This agreement, wherein the Company assumes

100% of SAFM's business (mainly workers' compensation business), has been in effect since October 1, 2008. The agreement was approved by the Department on September 13, 2008.

The Company solicits business through wholesale and retail producers.

C. Reinsurance Ceded

Effective April 1, 2021, the Company and four named affiliates (collectively, the "Five Cedants"), have in place a quota share reinsurance treaty with Sompo Japan Insurance Inc. ("Reinsurer"), an unauthorized affiliate. Pursuant to the terms of the agreement, the Five Cedants agree to cede, and the Reinsurer agrees to reinsure, a 50% share of all business (on specified accounts) classified as property. The maximum underwriting limit of the Five Cedants is \$517 million.

Effective April 1, 2021, the Company and eight named affiliates (collectively, the "Nine Cedants"), have in place a casualty excess of loss reinsurance treaty (\$11 million in excess of \$3 million) with Sompo Japan Insurance Inc. ("Affiliated Reinsurer"). The treaty has three layers. The Affiliated Reinsurer's share is 0% on the first layer, 61.75% on the second excess layer, and 75.50% on the third excess layer. The first layer is 100% covered by unaffiliated reinsurers. Pursuant to the terms of the treaty, the reinsurers indemnify the Nine Cedants in respect to the liabilities which may accrue to the Nine Cedants under all policies/contracts in force, new or renewed, and classified as casualty. The Nine Cedants' maximum net policy limit totals \$16 million for each insured, for each type of coverage, under each policy or combination of primary and umbrella policies.

Effective January 1, 2021, the Company, along with various affiliates within the Group, entered into a facultative reinsurance agreement with Sompo Japan Insurance Inc. ("Reinsurer"). The business ceded applies to all lines of business that each respective insurer is licensed and authorized to write including reinsurance of any business assumed by such insurance which is written for accounts designated as Japanese-interested accounts. The terms of the cession are governed by each individual facultative certificate.

As part of the Group ceded reinsurance program, the Company also cedes business to various unaffiliated entities. The Group purchases reinsurance from highly rated domestic and international reinsurers. It cedes to a 1-in-250-year probable maximum risk to reported group capital. The Group's insurance operating subsidiaries use proportional and excess reinsurance to protect larger limits on certain businesses written by the insurance segment. The Group's agriculture insurance line of business

participates in a crop reinsurance program sponsored by the U.S. federal government and utilizes third-party reinsurance covers. Excess reinsurance coverage is purchased in relation to the property insurance line of business to protect against catastrophic events. In the reinsurance segment, the Group purchases proportional and excess of loss retrocessional coverage on the catastrophe line of business, and proportional coverage on the specialty line of business.

Reinsurance agreements with affiliates were reviewed for compliance with Article 15 of the New York Insurance Law. It is 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. 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.

All significant ceded reinsurance agreements in effect as of the examination date were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles ("SSAP") No. 62R. Representations were supported by 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 Sampo Group. The Company is wholly owned by Endurance Assurance Corporation, a property and casualty insurance company domiciled in Delaware, which in turn is wholly-owned by Endurance U.S. Holdings Corp. ("EUSH"), a Delaware corporation. EUSH is a direct subsidiary of Endurance Specialty Insurance Ltd. ("ESIL"), a property and casualty insurance company

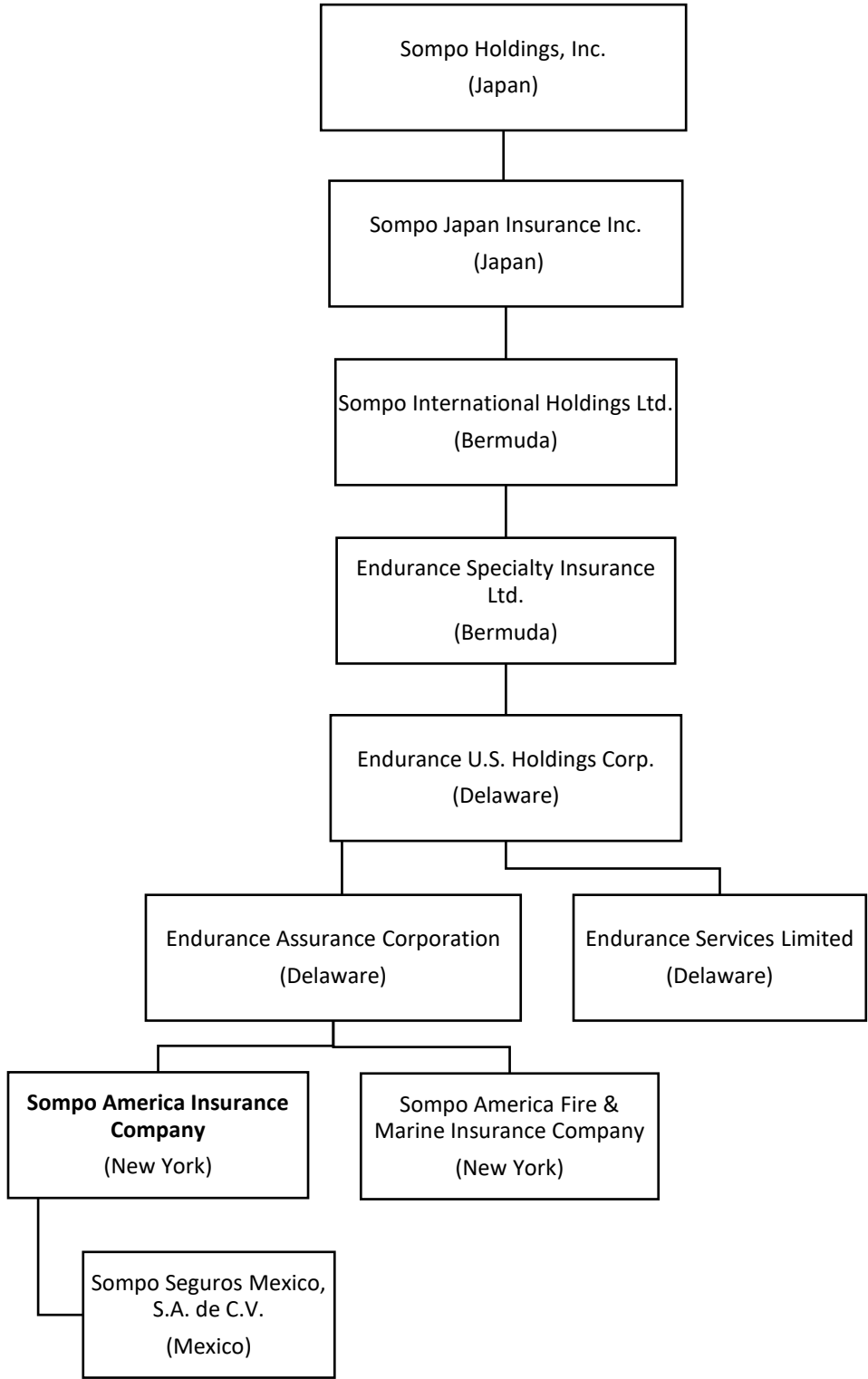
domiciled in Bermuda. ESIL is a direct subsidiary of Sompo International Holdings, Ltd. (“SIH”), an intermediate holding company organized under the laws of Bermuda, which in turn is wholly owned by Sompo Japan Insurance Inc. (formerly, Sompo Japan Nipponkoa Insurance, Inc.). Sompo Holdings, Inc. (“SHI”), a holding company established under the laws of Japan and traded on the Tokyo Stock Exchange, is the ultimate parent company.

SHI’s principal business activity is the management of its subsidiary insurers and non-insurance companies. SHI directly owns all the outstanding capital stock of Sompo Japan Insurance, Inc. (“SJII”), an insurance company domiciled in Japan. SJII directly owns all the issued and outstanding voting shares of SIH. SIH is a global specialty provider of property and casualty insurance and reinsurance. Through its various operating subsidiaries, which includes the Company, SIH writes agriculture, professional lines, property, marine and energy, casualty and other specialty lines of insurance and catastrophe, property, casualty, professional lines, weather risk, and specialty lines of reinsurance.

The Company wholly owns Sompo Seguros Mexico, S.A. de C.V. (formerly, Sompo Japan Nipponkoa Insurance de Mexico S.A. de C.V.), an insurance company domiciled in Mexico.

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, 2021:



Holding Company Agreements

At December 31, 2021, the Company was party to the following agreements with other members of its holding company system:

Salary Allocation Agreement

Effective December 10, 2013, and subsequently amended on December 31, 2014, the Company entered into a salary allocation agreement with various affiliates, including, but not limited to, SJII and SAFM. This agreement replaced the salary allocation agreement effective March 29, 2012.

This agreement stipulates that the annual compensation for a shared employee of any party who performs services for any other party to the agreement shall be allocated and charged to all such parties based on the proportion of time such shared employee performs services for each of such parties. To the extent that there is any allocation of expenses or fees, then such allocation shall be in accordance with Department Regulation 30.

This agreement and amendment were filed with this Department pursuant to Section 1505 of the New York Insurance Law and were non-disapproved on October 15, 2013, and December 5, 2014, respectively.

Space Allocation Agreement

Effective December 10, 2013, the Company entered into a space allocation agreement with various affiliates, including, but not limited to, SJII and SAFM. This agreement replaced the space allocation agreement effective March 29, 2012.

This agreement calls for the parties to share certain office spaces, including fixtures, furniture, equipment, and office services. The shared office space costs shall be allocated and charged based on the percentage of the office space used.

This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved on October 15, 2013.

Tax Allocation Agreement

Effective December 10, 2013, the Company entered into a tax allocation agreement with EUSH and various affiliates. This agreement replaced the tax allocation agreement effective July 1, 2003.

The Company filed this agreement with the Department in accordance with Department Circular Letter No. 33 (1979) and Section 1505(d) of the New York Insurance Law and was non-disapproved on October 15, 2013.

Agency Services Agreement

Effective December 10, 2013, and subsequently amended on January 1, 2019, the Company and SAFM entered into an amended and restated agency services agreement with SJA Insurance Agency, LLC (since renamed SAIS and merged into Endurance Services Limited (“ESL”) with ESL as the surviving entity). Pursuant to the terms of the amended agreement, the Company and SAFM appoint ESL as the authorized underwriter. ESL provides to each insurer general management and administration services. Each insurer compensates ESL in accordance with the terms of the agreements and by paying a flat fee that is related to each insurer’s equitable share of ESL’s cost. This agreement replaced the amended and restated agency services agreement effective October 1, 2006.

The agreement and amendment were filed with this Department pursuant to Section 1505(d) of the New York Insurance Law and was non-disapproved on October 15, 2013. The amendment was non-disapproved on December 10, 2018.

Administrative Services Agreement

Effective October 1, 2006, the Company entered into an administrative services agreement with SAFM. The agreement outlines certain management and administrative services the Company will provide to SAFM. The Company will be compensated for the actual cost incurred to provide the service. To the extent that any expenses are allocated between the parties, the method used to allocate such expenses shall be in accordance with Department Regulation No. 30.

This agreement was filed with this Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved on September 8, 2006.

As noted previously, effective January 1, 2019, SAIS merged with and into ESL with ESL as the surviving entity. Following the merger, ESL administers the agency services agreement and the administrative agreement including the salary and space agreements.

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2021, 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	57%
Adjusted liabilities to liquid assets	77%
Two-year overall operating	85%

Underwriting Ratios

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

	<u>Amount</u>	<u>Ratio</u>
Losses and loss adjustment expenses incurred	\$483,093,894	67.44%
Other underwriting expenses incurred	189,291,772	26.42%
Net underwriting gain (loss)	<u>43,975,001</u>	<u>6.14%</u>
Premiums earned	<u>\$716,360,667</u>	<u>100.00%</u>

The Company's reported risk-based capital ("RBC") score was 632.8% at December 31, 2021. 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, 2021, as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 806,559,941	\$ 0	\$ 806,559,941
Common stocks	24,581,557	0	24,581,557
Cash, cash equivalents and short-term investments	400,535,721	0	400,535,721
Investment income due and accrued	4,066,956	0	4,066,956
Uncollected premiums and agents' balances in the course of collection	139,181,453	11,007,759	128,173,694
Deferred premiums, agents' balances and installments booked but deferred and not yet due	106,188,311	0	106,188,311
Amounts recoverable from reinsurers	58,416,155	0	58,416,155
Funds held by or deposited with reinsured companies	83,419	11,994	71,425
Current federal and foreign income tax recoverable and interest thereon	2,921,046	0	2,921,046
Net deferred tax asset	19,275,146	4,723,083	14,552,064
Receivables from parent, subsidiaries and affiliates	1,992,406	0	1,992,406
Amount receivable under high deductible policies	<u>11,791,012</u>	<u>0</u>	<u>11,791,012</u>
Total assets	<u>\$1,575,593,125</u>	<u>\$15,742,837</u>	<u>\$1,559,850,288</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and loss adjustment expenses	\$ 480,627,455
Reinsurance payable on paid losses and loss adjustment expenses	13,060,944
Commissions payable, contingent commissions and other similar charges	408,203
Other expenses (excluding taxes, licenses and fees)	799,745
Taxes, licenses and fees (excluding federal and foreign income taxes)	7,291,489
Unearned premiums	135,250,942
Ceded reinsurance premiums payable (net of ceding commissions)	119,226,750
Amounts withheld or retained by company for account of others	173,523,107
Remittances and items not allocated	41,069,949
Provision for reinsurance	9,322,514
Payable to parent, subsidiaries and affiliates	46,908,704
Payable for securities	1,019,561
Deferred ceding commission	<u>5,527,510</u>
Total liabilities	\$1,034,036,873

Surplus and Other Funds

Common capital stock	\$ 13,742,750
Gross paid in and contributed surplus	325,017,772
Unassigned funds (surplus)	<u>187,052,892</u>
Surplus as regards policyholders	\$ <u>525,813,414</u>
Total liabilities, surplus and other funds	<u>\$1,559,850,288*</u>

* Rounding difference of \$1

Note: The Internal Revenue Service has not audited the Company's consolidated federal income tax returns for tax years 2018 through 2021. 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 \$129,165,472, as detailed below:

Underwriting Income

Premiums earned		\$716,360,667
Deductions:		
Losses and loss adjustment expenses incurred	\$483,093,894	
Other underwriting expenses incurred	<u>189,291,772</u>	
Total underwriting deductions		<u>672,385,666</u>
Net underwriting gain or (loss)		\$ 43,975,001

Investment Income

Net investment income earned	\$104,132,105	
Net realized capital gain	<u>8,681,176</u>	
Net investment gain or (loss)		112,813,281

Other Income

Net gain or (loss) from agents' or premium balances charged off	\$ (108,183)	
Finance and service charges not included in premiums	37,221	
Miscellaneous income	3,777,295	
Aggregate write-ins for miscellaneous income	<u>478,973</u>	
Total other income		<u>4,185,306</u>
Net income before dividends to policyholders and before federal and foreign income taxes		\$160,973,588
Dividends to policyholders		<u>0</u>
Net income after dividends to policyholders but before federal and foreign income taxes		\$160,973,588
Federal and foreign income taxes incurred		<u>31,808,113</u>
Net income		<u>\$129,165,472</u> *

* Rounding difference of \$3

C. Capital and Surplus

Surplus as regards policyholders decreased by \$46,132,909 during the four-year examination period from January 1, 2018, through December 31, 2021, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2017			\$571,946,324
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$129,165,472		
Net unrealized capital gains or (losses)	7,645,778		
Change in net deferred income tax	6,973,298		
Change in nonadmitted assets		\$1,556,863	
Change in provision for reinsurance	112,619,536		
Surplus adjustments paid in		70,939,478	
Dividends to stockholders		231,060,522	
Aggregate write-ins for gains and losses in surplus	<u>1,019,870</u>	<u>0</u>	
Total gains and losses	\$257,423,954	\$303,556,863	
Net increase (decrease) in surplus			<u>(46,132,909)</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2021			<u>\$525,813,414*</u>

* Rounding difference of \$1

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

Capital paid in is \$13,742,750 consisting of 549,710 shares of \$25 par value per share common stock. Gross paid in and contributed surplus is \$325,017,772. Gross paid in and contributed surplus decreased by \$70,939,478 during the examination period due to the stock redemption with its sole shareholder on September 30, 2019. The Department approved this transaction on August 13, 2019.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$480,627,455 is the same as reported by the Company as of December 31, 2021. 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. Approximately 60% of the loss reserves is attributable to the workers' compensation line of business.

5. SUBSEQUENT EVENTS

Effective January 1, 2022, the Company, SAFM, EAIC, EASIC, ERSAC, LIC, and BSIC entered into a pooling agreement with EAC. Under the terms of the agreement, all intercompany reinsurance agreements among the ceding companies will be novated to EAC and EAC will assume all policies issued or assumed by the ceding companies from and after the effective date and shall automatically and obligatorily be ceded to EAC. Concurrent with this pooling agreement, the 100% quota share reinsurance agreement between the Company and SAFM terminated and the Company novated all its liabilities under this agreement to EAC.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination did not contain any comments or recommendations.

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Corporate Governance</u>	
i. It is recommended that the board comply with its bylaws by holding at least one meeting each calendar year.	4
ii. It is recommended that the Company institute procedures to ensure it complies with Section 1411(a) of the New York Insurance Law regarding approval of investment transactions by the Company's board or its committee thereof.	5

Respectfully submitted,

_____/S/_____
Lamin Jammeh
Financial Services Examiner 2

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

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

_____/S/_____
Lamin Jammeh

Subscribed and sworn to before me

this _____ day of _____, 2023.

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, Adrienne A. Harris, Acting 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:

Lamin Jammeh

as a proper person to examine the affairs of the

Sompo 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 11th day of January, 2022

*ADRIENNE A. HARRIS
Acting Superintendent of Financial Services*

By:

Joan Riddell

*Joan Riddell
Deputy Bureau Chief*

