



**REPORT ON EXAMINATION
OF
SWISS REINSURANCE AMERICA CORPORATION**

**AS OF
DECEMBER 31, 2021**

**EXAMINER:
DATE OF REPORT:**

**LEE R. PROWELL
MAY 31, 2023**

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

May 31, 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 32304 dated September 21, 2021, attached hereto, I have made an examination into the condition and affairs of Swiss Reinsurance America Corporation 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 Swiss Reinsurance America Corporation.

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 Swiss Reinsurance America Corporation, a multi-state insurer. The previous examination was conducted as of December 31, 2016. This examination covered the five-year period from January 1, 2017, 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 Missouri, which was the lead state of the Swiss Reinsurance Group. New Hampshire also participated in the examination. The examination was performed concurrently with the examinations of the following insurers:

<u>Company</u>	<u>State of Domicile</u>
Westport Insurance Corporation (“WIC”)	Missouri
Swiss Re Property & Casualty America, Inc. (“SRPCA”)	Missouri
North American Specialty Insurance Company (“NAS”)	Missouri
North American Elite Insurance Company (“NAE”)	Missouri
First Specialty Insurance Corporation (“FSIC”)	Missouri
Washington International Insurance Company (“WIIC”)	Missouri
Swiss Re Life & Health America Inc. (“SRLHA”)	Missouri
Lumico Life Insurance Company (“LLIC”)	Missouri
Elips Life Insurance Company (“ELIC”)	Missouri
North American Capacity Insurance Company (“NAC”)	New Hampshire
Lumico Life Insurance Company of New York (“LLICNY”) ¹	New York

¹ Effective December 2, 2022, LLICNY formally surrendered its license to do insurance business in the State of New York. Consequently, the examination of LLCNY was terminated as of that date.

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

Swiss Reinsurance America Corporation was incorporated under the laws of the State of New York on July 26, 1940, as the North American Casualty and Surety Reinsurance Company. It became licensed on September 18, 1940 and commenced business on the same date. The name of the Company changed on November 28, 1956, to North American Reinsurance Corporation. On May 11, 1995, the Company adopted its current name.

In June 2006, Swiss Reinsurance Company Ltd. (“SRZ”) and Swiss Re Funding (“SRF”) acquired GE Insurance Solutions (now known as Swiss Re Solutions Holding Corporation (“SRSHC”)). SRZ transferred 61% of the common stock of SRSHC to Swiss Re America Holding Corporation (“SRAHC”); SRF retained the remaining 39%. SRF subsequently merged with SRAHC, with SRAHC being the surviving entity. On December 29, 2006, SRAHC transferred all the outstanding shares of the Company to SRSHC.

In January 2007, GE Reinsurance Corporation (“GE Re”), an affiliated Illinois-domiciled reinsurer, was merged with and into the Company, with the Company being the surviving entity.

In February 2011, Swiss Re Ltd. (“SRL”) was formed. It was originally established as a subsidiary of SRZ; however, via a 1:1 exchange offer with SRZ, SRL became the ultimate parent of the Swiss Reinsurance Group.

On December 31, 2015, the Company’s prior sole shareholder, SRSHC, merged into SRAHC, with SRAHC as the surviving entity.

On December 31, 2020, the Company merged with Facility Insurance Corporation (“FIC”), an affiliated Texas-domiciled insurance company in runoff, with the Company as the surviving entity.

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 21 members. The board meets four times during each calendar year. At December 31, 2021, the board of directors was comprised of the following ten members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
John Robert Dacey ² Zollikon, Switzerland	Group Chief Financial Officer, Swiss Re Ltd.
Karen Lynn Gavan Toronto, ON, Canada	Retired
Jonathan Isherwood ² Riverdale, Connecticut	Chief Executive Officer Reinsurance Americas, Regional President Americas, Swiss Re America Holding Corporation
David Leonard Jahnke Minneapolis, Minnesota	Retired
Brian MacLean Vernon, Connecticut	Retired
Carol Ann Petren Scottsdale, Arizona	Retired
Patrick Raaflaub ² Zurich, Switzerland	Chief Risk Officer, Swiss Re Ltd.
Eileen Patricia Rominger ³ Scottsdale, Arizona	Retired
Philip Keebler Ryan New York, New York	Chairman, Swiss Re America Holding Corporation
Larry Zimpleman Cumming, Iowa	Retired

² Member of the Group Executive Committee

³ Eileen Rominger resigned from the board in September 2022.

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

<u>Name</u>	<u>Title</u>
Jonathan Isherwood	Chief Executive Officer
Keith Joseph Wolfe	President
Jay Benjamin Brown	Secretary and Managing Director
John Vincent Regan	Chief Financial Officer and Managing Director

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, Guam, and Puerto Rico.

As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
3	Accident & health
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
17	Credit
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity

The Company is also licensed to transact such workers' compensation insurance as may be incidental 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), and kinds of insurance and reinsurance as defined in Section 4102(c) of the New York Insurance Law.

In addition, the Company is licensed to do within this State 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 the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$35,000,000. 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 a surplus as regards to policyholders of at least 200% of its authorized control level risk-based capital; therefore, as of December 31, 2021, the Company was required to maintain a minimum surplus to policyholders in the amount of \$2,078,615,650.

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

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

<u>Calendar Year</u>	<u>Assumed Premiums</u>
2017	\$4,789,540,122
2018	\$4,327,058,003
2019	\$7,061,317,159
2020	\$8,106,956,418
2021	\$8,685,713,806

The Company provides reinsurance to insurers and reinsurers of property, casualty, and specialty risks primarily in the U.S. The Company also writes business in Latin America directly and through representative offices. Business is written directly and through reinsurance intermediaries and brokers representing the ceding insurance companies. During the examination period, premiums assumed from affiliates ranged from 2.1% to 3.7%.

C. Reinsurance Ceded

The Company's reinsurance protection is provided by affiliates SRZ, a Swiss reinsurer that is certified in New York, and Wing Re II Inc. ("Wing Re II"), an unauthorized affiliated captive, through the Intra-Group Retrocession program ("IGR"). The IGR includes quota share, catastrophe excess of loss and stop loss agreements, further described herein.

Effective January 1, 2019, the Company entered into a multiple line non-obligatory quota share reinsurance agreement with SRZ. This agreement was amended on January 1, 2020, to extend the termination date for one year and to change the ceding commission rate. Additionally, on January 1, 2021, it was amended to extend the termination date to December 31, 2021. Pursuant to the terms of the agreement, the Company, as retrocedent, has the option to cede, and SRZ, as retrocessionaire, obligates itself to accept 75% of its ultimate net loss regarding casualty lines of business and 25% of its ultimate net loss regarding property lines of business. SRZ's quota share of the ultimate net loss is 99% of the casualty business and 99% of the property business. It is noted that SRZ entered into this quota share reinsurance agreement pursuant to a joint venture between Wing Re II and SRZ. This quota share reinsurance agreement was non-disapproved by the Department on February 27, 2019. This agreement replaced the multiple line non-obligatory quota share agreement between the Company and SRZ effective January 1, 2001, and subsequently amended on numerous occasions.

Effective January 1, 2019, the Company entered into a multiple line non-obligatory quota share reinsurance agreement with Wing Re II. The agreement was amended on January 1, 2020, to extend the termination date for one year and to change the ceding commission rate. Additionally, on January 1, 2021, it was amended to extend the termination date to December 31, 2021. Pursuant to the terms of the agreement, the Company, as retrocedent, has the option to cede, and Wing Re II, as retrocessionaire, obligates itself to accept 75% of its ultimate net loss regarding casualty lines of business and 25% of its ultimate net loss regarding property lines of business. Wing Re II's quota share of the ultimate net loss is 1% of the casualty business and 1% of the property business. It is noted that Wing Re II entered into this quota share reinsurance agreement pursuant to a joint venture between Wing Re II and SRZ. This quota share reinsurance agreement was non-disapproved by the Department on February 27, 2019.

Effective January 1, 2021, the Company, as retrocedent, entered into a catastrophe excess of loss retrocession contract with SRZ, as retrocessionaire. The contract provides catastrophe protection for covered losses related to natural perils, man-made perils, and workers' compensation. The contract specifies that SRZ's proportionate share is 99%. The Company retains the first \$250 million and SRZ is liable for \$2.97 billion (99% of 100% of \$3,000,000,000) in excess of the Company's retention for an ultimate net loss in respect of each and every loss occurrence. SRZ's limit of liability is \$11.88 billion (99% of 100% of \$12,000,000,000) in the aggregate for all loss occurrences during any one calendar year. It is noted that SRZ entered into this contract pursuant to a joint venture between SRZ and Wing Re II. This excess of loss contract was non-disapproved by the Department on November 19, 2020.

Effective January 1, 2021, the Company, as retrocedent, entered into a catastrophe excess of loss retrocession contract with Wing Re II, as retrocessionaire. The contract provides catastrophe protection for covered losses related to natural perils, man-made perils, and workers' compensation. The contract specifies that Wing Re II's proportionate share is 1%. The Company retains the first \$250 million and Wing Re II is liable for \$30 million (1% of 100% of \$3,000,000,000) in excess of the Company's retention for an ultimate net loss in respect of each and every loss occurrence. Wing Re II's limit of liability is \$120 million (1% of 100% of \$12,000,000,000) in the aggregate for all loss occurrences during any one calendar year. It is noted that Wing Re II entered into this contract pursuant to a joint venture between SRZ and Wing Re II. This excess of loss contract was non-disapproved by the Department on November 20, 2020.

In addition, the Company limits its exposure pursuant to the provisions of an accident year all lines aggregate stop loss reinsurance agreement with SRZ, effective January 1, 2021. Pursuant to the terms of the agreement, SRZ agrees to indemnify the Company for its proportionate share of covered losses paid by the Company for all agreements under which reinsurance is assumed by the Company that is in force, new or renewed during the term of this agreement. Covered losses are the product of (A) and (B) where:

- (A) is the greater of (i) zero, or (ii) the Company's loss ratio minus 90%; and
- (B) is equal to subject net earned premium.

No claim shall be made under the agreement unless and until the Company first sustains a loss ratio in excess of the Company's retention. The Company's retention is 90%. The aggregate limit for the sum of all covered losses is SRZ's proportionate share of 40% of the subject net earned premium. SRZ's proportionate share under the agreement is 99%. The term of this agreement is from January 1, 2021, through December 31, 2022. It is noted that SRZ entered into this agreement pursuant to a joint venture between SRZ and Wing Re II. This stop loss agreement was non-disapproved by the Department on November 25, 2020.

The Company also limits its exposure pursuant to the provisions of an accident year all lines aggregate stop loss reinsurance agreement with Wing Re II, effective January 1, 2021. Pursuant to the terms of the agreement, Wing Re II agrees to indemnify the Company for its proportionate share of covered losses paid by the Company for all agreements under which reinsurance is assumed by the Company that is in force, new or renewed during the term of this agreement. Covered losses are the product of (A) and (B) where:

- (A) is the greater of (i) zero, or (ii) the Company's loss ratio minus 90%; and
- (B) is equal to subject net earned premium.

No claim shall be made under the agreement unless and until the Company first sustains a loss ratio in excess of the Company's retention. The Company's retention is 90%. The aggregate limit for the sum of all covered losses is Wing Re II's proportionate share of 40% of the subject net earned premium. Wing Re II's proportionate share under the agreement is 1%. The term of this agreement is from January 1, 2021, through December 31, 2021. It is noted that Wing Re II entered into this agreement pursuant to a joint venture between Wing Re II and SRZ. This stop loss agreement was non-disapproved by the Department on November 25, 2020.

Effective September 1, 2019, the Company, as retrocedent, entered into a retrospective/alternative multiple line non-obligatory quota share reinsurance agreement with SRZ, as retrocessionaire. The agreement was amended on September 1, 2020, to extend the agreement to December 31, 2021. The agreement applies solely to retrospective and alternative business assumed by the Company. Pursuant to the terms of the agreement, the Company has the option to cede to SRZ and SRZ has the obligation to accept a quota share participation by line of business, program, special account, or individual risk of not more than 99% of the Company's ultimate net liability for all new and renewal policies becoming effective on or after September 1, 2019. Ultimate net liability is the remaining portion of the Company's gross liability as respect all losses including incurred but not reported on each policy reinsured under this agreement after deducting all recoveries from all other reinsurance whether specific or general or whether collectible or not other than reinsurance provided under the: (1) multiple line non-obligatory quota share reinsurance agreement, effective January 1, 2019; (2) catastrophe excess of loss retrocession contract, effective January 1, 2021; and (3) accident year all lines aggregate stop loss agreements of reinsurance, effective January 1, 2021, between the Company and SRZ. It is noted that SRZ entered into this agreement pursuant to a joint venture between SRZ and Wing Re II. This retrospective/alternative multi-line quota share reinsurance agreement was non-disapproved by the Department on August 21, 2019.

Effective September 1, 2019, the Company, as retrocedent, entered into a retrospective/alternative multiple line non-obligatory quota share reinsurance agreement with Wing Re II, as retrocessionaire. The agreement was amended on September 1, 2020, to extend the agreement to December 31, 2021. The agreement applies solely to retrospective and alternative business assumed by the Company. Pursuant to the terms of the agreement, the Company has the option to cede to Wing Re II and Wing Re II has the obligation to accept a quota share participation by line of business, program, special account, or individual

risk of not more than 1% of the Company's ultimate net liability for all new and renewal policies becoming effective on or after September 1, 2019. Ultimate net liability is the remaining portion of the Company's gross liability as respect all losses including incurred but not reported on each policy reinsured under this agreement after deducting all recoveries from all other reinsurance whether specific or general or whether collectible or not, other than reinsurance provided under the: (1) multiple line non-obligatory quota share reinsurance agreement, effective January 1, 2019 (2) catastrophe excess of loss retrocession contract, effective January 1, 2021 and (3) accident year all lines aggregate stop loss agreements of reinsurance, effective January 1, 2021 between the Company and Wing Re II. It is noted that Wing Re II entered into this agreement pursuant to a joint venture between Wing Re II and SRZ. This retrospective/alternative multi-line quota share reinsurance agreement was non-disapproved by the Department on August 23, 2019.

Effective January 1, 2019, the Company commuted two loss portfolio transfer agreements with affiliate SRZ and an adverse loss development reinsurance agreement with SRZ. The first loss portfolio transfer agreement covered 100% of the ultimate net loss development on reinsurance written or renewed prior to December 31, 1986. The second loss portfolio transfer agreement covered 50% of business written from January 1, 2001, through December 31, 2010. The adverse loss development agreement covered 100% of the ultimate net loss development on reinsurance for accident years 1987 through 2008. Each of the commuted loss portfolio transfer agreements was immediately replaced with corresponding, separate loss portfolio transfer agreements with SRZ and Wing Re II, effective January 1, 2019, covering the same business as the commuted agreements. The commuted adverse loss development agreement was immediately replaced with adverse loss development agreements with SRZ and Wing Re II, effective January 1, 2019, covering the same business as the commuted agreement.

Effective October 1, 2019, the Company entered into a Commutation and Release Agreement with SRZ, in its capacity as a participant in an Amended and Restated Venture and Services Agreement dated December 18, 2018, with Wing Re Inc. and Wing Re II. The purpose of this commutation agreement was for the Company, as retrocedent, and SRZ, as retrocessionaire, to fully and finally settle and commute all their respective past, present, and future obligations, and liabilities, known and unknown, under reinsurance agreements effective as of October 1, 2019, in order to restore in a tax-effective manner, the capital and liquidity efficiencies that existed prior to the enactment of the 2017 U.S. tax reform legislation while maintaining a business presence in the United States. The commutation covered the two aforementioned loss portfolio transfer agreements with SRZ effective January 1, 2019, and an adverse development reinsurance agreement with SRZ effective January 1, 2019. Immediately upon the execution of this

commutation and release agreement, the Company entered into two loss portfolio transfer agreements and an adverse development reinsurance agreement with an unauthorized affiliate, Swiss Re Property Casualty America, Inc. (“SRPCA”), on substantially the same terms, further discussed below. As a result of these transactions, there was no impact to net income or surplus for the year ended December 31, 2019. It is noted the collateral initially provided under the aforementioned agreements for credit for reinsurance purposes was effectively transferred to SRPCA for the benefit of the Company.

As noted above, effective October 1, 2019, the Company entered into a loss portfolio transfer agreement with SRPCA, whereby the Company agreed to cede to SRPCA and SRPCA agreed to accept a 100% quota share participation of the Company’s subject losses. Subject losses shall mean all ultimate net losses incurred by the Company on subject business, including losses incurred but not reported, and reinsurance recoverables billed and uncollected prior to October 1, 2019. Subject business shall mean 100% of 1986 and prior accident year reserves and any future development thereon. This agreement was non-disapproved by the Department on November 18, 2019.

Additionally, effective October 1, 2019, the Company entered into a loss portfolio transfer agreement with SRPCA, whereby SRPCA agreed to accept a 50% quota share participation on subject losses on the Company’s property business and 50% quota share participation on subject losses of the Company’s casualty business. Subject losses shall mean all ultimate net losses incurred by the Company on subject business, including losses incurred but not reported, and reinsurance recoverables billed and uncollected prior to October 1, 2019. Subject business shall mean business ceded by the Company in 2010 and prior years under the multi-line nonobligatory quota share reinsurance agreement, and any future development thereon. This agreement was non-disapproved by the Department on November 18, 2019.

Effective October 1, 2019, the Company entered into an adverse loss development reinsurance agreement with SRPCA. Pursuant to the terms of the agreement, SRPCA agrees to indemnify the Company for 100% of the covered losses incurred by the Company. Covered losses shall mean, subject to the aggregate limit of \$228,205,000, subject losses in excess of the Company’s retention. The Company’s retention shall be equal to the nominal reserves net of reinsurance and net of tabular discount as of December 31, 2004. Payments made or booked as paid by the Company from January 1, 2005, through September 30, 2019, shall be applied against the Company’s retention. Subject losses shall mean all ultimate net losses incurred by the Company on subject business, including losses incurred but not reported with respect to losses occurring on or prior to December 31, 2004. Subject business shall mean all business assumed and earned by the Company prior to January 1, 2005, and any future development thereon. The reinsurance

premium payable to SRPCA totaled \$225,711,000. This agreement was non-disapproved by the Department on November 18, 2019.

Reinsurance agreements with affiliates were reviewed for compliance with Article 15 of the New York Insurance Law. It is the Company's policy to obtain the appropriate collateral for its cessions to unauthorized and certified reinsurers. Letters of credit and trust accounts obtained by the Company to take credit for cessions to unauthorized and certified reinsurers were reviewed for compliance with Department Regulations 133 and 114, respectively. No exceptions were noted

All 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.

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 appropriate risk transfer analyses and 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 Swiss Reinsurance Group. The Company is a wholly owned subsidiary of Swiss Re America Holding Corporation ("SRAHC"), a Delaware corporation, which is an indirect wholly-owned subsidiary of SRZ. SRL is the ultimate parent of the Swiss Reinsurance Group. SRL is a public company based in Zurich, Switzerland. It is a global provider of reinsurance, insurance, and other forms of insurance-based risk transfer and operates under three business units: Reinsurance; Corporate Solutions (wherein direct business is written); and IptiQ (a digital platform). The Company is a key component of the Reinsurance business unit.

As of December 31, 2021, the Company held a majority interest (56.13%) in Pillar RE Holdings LLC ("Pillar RE"), a Delaware limited liability company. Pillar RE is a real estate investment vehicle that invests in a mix of office, multi-family, residential, and industrial real estate properties. In its 2021 Annual

Statement, the Company reported a book/adjusted carrying value for Pillar RE of \$592,231,892. Swiss Re Life & Health Insurance America Inc. holds a minority interest in Pillar RE.

Additionally, the Company has an 80% ownership interest in Swiss Reinsurance America Corporation - Escritório de Representação no Brasil Ltda (the “Subsidiary”), headquartered in Sao Paulo, Brazil. As of December 31, 2021, the book/adjusted carrying value of the Subsidiary was \$522,090; however, the Company did not include the Subsidiary in its admitted assets. The Subsidiary does not write reinsurance business on behalf of the Company; it provides reinsurance support services to ceding companies.

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:

Swiss Re Ltd (Switzerland)

100% - Swiss Reinsurance Company Ltd (Switzerland)

100% - Swiss Broker Mexico, Intermediario de Reaseguros, S.A. de C.V.

90.85% - Swiss Re Mexico, Servicios, S. de R.L de C.V.

100% - Swiss Re Reinsurance Holding Company Ltd.

9.15% - Swiss Re Mexico, Servicios, S. de R.L de C.V.

100% - Swiss Re America Holding Corporation

100% - Swiss Re Atrium Corporation

100% - **Swiss Reinsurance America Corporation**

56.13% - Pillar RE Holdings LLC

80.00% - Swiss Reinsurance America Corporation –
Escritório de Representação no Brasil Ltd

100% - Wing Re II Inc.

Holding Company Agreements

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

Service Agreement - SRAHC

Effective July 1, 2009, the Company entered into a service agreement with SRAHC, whereby SRAHC provides the Company general management and administrative services, including legal and government relations, personnel and payroll, information systems and technology, tax, corporate accounting and auditing, claims advisory, office administration, property management, and supply services. SRAHC may use other providers, including affiliates, to provide these services. The agreement was amended effective September 1, 2010, to update the description of services provided as well as to provide for the provision of additional services. The cost of these services was \$127.4 million in 2021.

Tax Allocation Agreement

SRAHC entered into a tax allocation agreement with the Company and other members of its holding company group to jointly file consolidated federal income tax returns. This agreement was amended effective January 1, 2005, to include other affiliates and to replace the prior agreement. This agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved.

Specialized Services Agreement SRM

Effective April 1, 2018, the Company entered into a specialized services agreement with Swiss Re Mexico, Servicios, S. de R.L de C.V. (“SRM”), a company organized under the laws of Mexico, whereby SRM provides specialized services to the Company, namely: operation services, marketing services, and claims advisory and claims related services and such other related services as may be reasonably requested by the Company for the operation of the Company’s representative office in Mexico.

In consideration of the services, the Company agrees to reimburse SRM for the cost plus a 7.5% markup. Included in the cost are salaries and related expenses, rent, rental or depreciation of equipment, employee benefits, and other costs, incurred by SRM in providing such services.

The agreement replaced the service agreement with Swiss Brokers Mexico Intermediario de Reaseguro, S.A. De C.V. (“SBM”) effective May 1, 2014, whereby SBM provided claims advisory and related claims services, technical and accounting services, and such other related services.

Service Agreement SRZ (South America)

Effective September 16, 2013, the Company entered into a service agreement with SRZ, whereby SRZ, through its representation office in Colombia, provides advisory services to the Company for reinsurance of non-US business underwritten by insurers and reinsurers domiciled or licensed in South America, and makes available general management and administration services, legal and government relations services, personnel and payroll services, office administration, property management and supply services, tax services, risk management services, underwriting and marketing services, claims advisory and related claims services, information systems and technology services, financial and accounting services, and use of space, as may be requested by the Company. The agreement was amended effective January 15, 2018, to limit SRZ’s authority to serve in an advisory and service capacity only. The amendment also added a confidentiality clause and a data protection clause.

In consideration for the services, the Company agrees to reimburse SRZ for the cost of salaries and related expenses, rent, rental or depreciation of equipment, employee benefits, and other costs, incurred by the representation office of SRZ in Colombia in providing such services.

Investment Management Agreement

Effective January 1, 2019, the Company entered into an investment management agreement with SRAHC. This agreement replaced the investment advisory agreement the Company entered with SRAHC effective January 1, 2001. It is agreed that SRAHC will manage the Company’s portfolio of investments on behalf of, at the direction of, and within the written parameters established by the Company. SRAHC will assist and advise the Company in the preparation of financial statements, and provide valuations, reports on purchases and sales, and such other services as the Company may reasonably request, to allow the Company to comply with regulatory reporting requirements. SRAHC is authorized to engage the services of a sub-contractor not affiliated with the Company to manage all or part of the assets which are subject to this agreement.

The Company will pay SRAHC an investment management fee for services provided. Pass-through costs, such as those incurred by SRAHC’s engagement of external sub-advisors, are charged at cost to the

Company. The cost for the investment management services at December 31, 2021, was approximately \$22,600,000.

Repurchase Agreement

Effective February 11, 2021, the Company entered into a repurchase agreement with SRZ to address the liquidity needs of the Company. As a liquidity management strategy, the Company may enter into repurchase or reverse repurchase transactions with SRZ.

Collateralized Securities Lending Agreement

Effective September 25, 2012, the Company entered into a master securities lending agreement with SRZ. Pursuant to the terms of the agreement, the Company may lend securities to SRZ against a transfer of collateral for a fee. These securities lending transactions and collateral are accounted for off-balance sheet as the Company does not have the right to sell or re-pledge the collateral except in the event of borrower default. The Company is exposed to the risk of loss to the extent collateral values are less than the fair value of the lent securities not returned. In the event of borrower default, the Company has the unrestricted right to sell the collateral.

Brokerage Agreement- Atrium

Effective January 4, 2010, the Company entered into a brokerage agreement with Swiss Re Atrium Corporation (“Atrium”). It was agreed that Atrium will provide reinsurance brokerage services to the Company inclusive of marketing of reinsurance, evaluation, and advice on market security, and risk analysis, including catastrophe exposure modeling, transaction structuring, actuarial services, preparation of contracts to be considered by parties to a reinsurance agreement, post-closing administrative and accounting services of the type customarily provided by reinsurance intermediaries, and claims consulting. The Company agreed to pay a tiered fee to Atrium.

Effective December 1, 2016, the agreement was amended to revise the termination clause and to add a clause governing reporting and remittance of funds to the Company. A second amendment, which modified the brokerage compensation clause to reflect an updated tiered fee structure, was effectuated on April 1, 2017.

Limited Liability Company Agreement of Pillar RE Holdings

Effective August 15, 2014, the Company and its affiliate SRLHA entered into an investment in a real estate joint venture vehicle, Pillar RE Holdings LLC (“Pillar RE”), in which the Company had a 56.13% interest at December 31, 2021. Pursuant to the Limited Liability Company Agreement of Pillar RE among the Company, SRLHA, and Swiss Re Financial Services Corporation (“SRFSC”), SRAHC, as successor to SRFSC, has full power, discretion, and authority to make all decisions affecting the business, affairs, and properties of Pillar RE and its subsidiaries, to manage and carry out the day-to-day operations of Pillar RE and its subsidiaries and to take all actions as it deems necessary.

In-House Cash Pooling Agreement

Effective October 1, 2015, the Company entered into an in-house cash pooling arrangement (the “Pool”) administered by SRZ or the “Pool Operator”. In accordance with the terms of a Global Cash Pooling Agreement, various non-U.S. domiciled member companies of the Swiss Re Group participate in the Pool. Under the terms of this agreement, the Company will transfer some or all its excess cash into an account maintained by SRZ, as the Pool Operator. The pooling is done on an overnight basis only (i.e., the cash is transferred to the Pool Operator in the late morning/early afternoon and returned to the pool participant the next morning). The amount of cash to be transferred to the Pool will be determined by the Company from time to time as its sole discretion. The Company's participation in the cash pool is reported as an affiliated non-collateral loan.

All inter-company agreements and amendments thereto were filed with the Department pursuant to Section 1505 of the New York Insurance Law and were non-disapproved.

E. Significant Ratios

The following 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	84%
Adjusted liabilities to liquid assets	94%

The Company’s two-year overall operating ratio of 103% falls outside the benchmark range.

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	\$10,638,737,243	72.10%
Other underwriting expenses incurred	4,788,359,734	32.45%
Net underwriting loss	<u>(670,742,960)</u>	<u>(4.55)%</u>
Premiums earned	<u>\$14,756,354,017</u>	<u>100.00%</u>

The Company's reported risk-based capital ("RBC") score was 349.2% 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	\$13,318,734,809	\$ 0	\$13,318,734,809
Common stocks (stocks)	529,064,794	522,090	528,542,704
Cash, cash equivalents and short-term investments	825,041,672	0	825,041,672
Other invested assets	642,838,788	0	642,838,788
Receivables for securities	31,352	0	31,352
Investment income due and accrued	54,491,281	0	54,491,281
Uncollected premiums and agents' balances in the course of collection	557,616,135	23,672,251	533,943,884
Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,006,861,315	0	2,006,861,315
Amounts recoverable from reinsurers	828,662,893	0	828,662,893
Funds held by or deposited with reinsured companies	1,171,187,119	12,139,647	1,159,047,472
Net deferred tax asset	92,011,762	0	92,011,762
Receivables from parent, subsidiaries and affiliates	39,683	0	39,683
Advance loss fund	3,000,000	3,000,000	0
Other receivables	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total assets	<u>\$20,029,831,603</u>	<u>\$39,333,988</u>	<u>\$19,990,497,615</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and Loss Adjustment Expenses	\$ 6,119,434,405
Reinsurance payable on paid losses and loss adjustment expenses	272,791,000
Commissions payable, contingent commissions and other similar charges	15,356,018
Current federal and foreign income taxes	23,161,397
Unearned premiums	1,521,996,933
Ceded reinsurance premiums payable (net of ceding commissions)	1,830,132,187
Funds held by company under reinsurance treaties	5,838,557,407
Amounts withheld or retained by company for account of others	0
Remittances and items not allocated	(92,021,617)
Provision for reinsurance	77,269,311
Payable to parent, subsidiaries and affiliates	40,218,660
Payable for securities	4,685,675
Liability for deposit accounting, assumed retroactive reinsurance and others	214,984,330
Excess ceding commission liabilities	11,338,615
Other liability	<u>5,963,471</u>
Total liabilities	\$15,883,867,792

Surplus and Other Funds

Common capital stock	\$ 10,432,000
Gross paid in and contributed surplus	2,429,130,611
Unassigned funds (surplus)	<u>1,667,067,212</u>
Surplus as regards policyholders	<u>4,106,629,823</u>
Total liabilities, surplus and other funds	<u>\$19,990,497,615</u>

Note: The Internal Revenue Service is currently auditing the Company's consolidated Federal Income Tax returns for tax years 2017 and 2018. 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 \$751,504,077, as detailed below:

Underwriting Income

Premiums earned		\$14,756,354,017
Deductions:		
Losses and loss adjustment expenses incurred	\$10,638,737,243	
Other underwriting expenses incurred	4,826,048,384	
Change in accrued excess ceding commission	<u>(37,688,650)</u>	
Total underwriting deductions		<u>15,427,096,977</u>
Net underwriting gain or (loss)		\$ (670,742,960)

Investment Income

Net investment income earned	\$ 1,388,889,528	
Net realized capital gain	<u>513,474,421</u>	
Net investment gain		1,902,363,949

Other Income

Net gain or (loss) from agents' or premium balances charged off	\$ (11,872,145)	
Deposit accounting contracts	19,885,734	
Retroactive reinsurance, net	(35,471,499)	
Interest on funds held, net	(298,876,751)	
Other income (expense)	(2,676,564)	
Foreign exchange	<u>(1,769,579)</u>	
Total other income		<u>(330,780,804)</u>
Net income before dividends to policyholders and before federal and foreign income taxes		\$ 900,840,185
Dividends to policyholders		<u>0</u>
Net income after dividends to policyholders and before federal and foreign income taxes		\$ 900,840,185
Federal and foreign income taxes incurred		<u>149,336,108</u>
Net income		\$ <u>751,504,077</u>

C. Capital and Surplus

Surplus as regards policyholders increased \$754,333,929 during the five-year examination period January 1, 2017 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, 2016			\$3,352,295,894
	<u>Gains in</u>	<u>Losses in</u>	
	<u>Surplus</u>	<u>Surplus</u>	
Net income	\$ 751,504,077		
Net unrealized capital gains or (losses)	179,304,913		
Change in net unrealized foreign exchange capital gain (loss)	7,698,752		
Change in net deferred income tax	4,917,631		
Change in nonadmitted assets	48,493,910		
Change in provision for reinsurance		\$ 55,831,603	
Surplus adjustments paid in	330,000,000		
Dividends to stockholders		569,000,000	
Change in unearned premium reserves		9,728,406	
Treasury shares due to merger with FIC		3,828,030	
Merger with FIC	<u>70,802,685</u>	<u>0</u>	
Total gains and losses	\$1,392,721,968	\$638,388,039	
Net increase (decrease) in surplus			<u>754,333,929</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2021			<u>\$4,106,629,823</u>

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

Capital paid in is \$10,432,000 consisting of 26,080 shares of \$400 par value per share common stock. Gross paid in and contributed surplus is \$2,429,130,611.

Gross paid in and contributed surplus increased by \$335,000,000 during the examination period, as follows:

<u>Year</u>	<u>Description</u>		<u>Amount</u>
2016	Beginning gross paid in and contributed surplus		\$2,094,130,611
2018	Surplus contribution from SRAHC	\$330,000,000	
2019	Increase due to merger with FIC	<u>5,000,000</u>	
	Total surplus contributions		<u>335,000,000</u>
2021	Ending gross paid in and contributed surplus		<u>\$2,429,130,611</u>

As previously stated, on December 31, 2020, the Company merged with affiliate FIC. The transaction was accounted for as a statutory merger in accordance with SSAP No. 68 - Business Combinations and Goodwill. Prior year amounts have been restated as if the merger occurred as of January 1, 2019, in accordance with SSAP No. 3 - Accounting Changes and Corrections of Errors.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$6,119,434,405 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.

5. SUBSEQUENT EVENTS

In early 2023, Swiss Re Ltd. announced plans to streamline its organizational structure. The current Reinsurance business unit will be split into P&C Reinsurance and L&H Reinsurance, with each having full authority over the respective underwriting and claims management processes. The reorganization, which aims to simplify structures, and improve efficiency and client experience, will be effective April 3, 2023, subject to regulatory approvals.

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 does not contain any comments or recommendations.

Respectfully submitted,

_____/S/_____
Lee Prowell
Financial Services Examiner 4

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

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

_____/S/_____
Lee Prowell

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:

Lee Prowell

as a proper person to examine the affairs of the

Swiss Reinsurance America Corporation

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 September, 2021

*ADRIENNE A. HARRIS
Acting Superintendent of Financial Services*

By:

Joan Riddell

*Joan Riddell
Deputy Bureau Chief*

