



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

**EXAMINER:
DATE OF REPORT:**

**LAMIN JAMMEH
MAY 17, 2023**

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1.	Scope of examination	2
2.	Description of Company	3
	A. Corporate governance	4
	B. Territory and plan of operation	6
	C. Reinsurance ceded	7
	D. Holding company system	9
	E. Significant ratios	14
3.	Financial statements	15
	A. Balance sheet	15
	B. Statement of income	17
	C. Capital and surplus	18
4.	Losses and loss adjustment expenses	19
5.	Subsequent events	19
6.	Compliance with prior report on examination	19
7.	Summary of comments and recommendations	19

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 32335 dated January 11, 2022, attached hereto, I have made an examination into the condition and affairs of Sompo America Fire & Marine 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 Sompo America Fire & Marine 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 Sampo America Fire & Marine 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 Sampo 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
Sampo America Insurance Company (“SAIC”)	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 Fire & Marine Insurance Company was incorporated under the laws of the State of New York on December 21, 2001, as Sompo Japan Fire & Marine Insurance Company of America. It became licensed on June 28, 2002 and commenced business on July 1, 2002.

The Company was incorporated to serve as the vehicle for the domestication of the United States Branch of the Nissan Fire & Marine Insurance Company, Ltd. (“Nissan Fire”). Nissan Fire was established in 1911 under the laws of Japan. The United States Branch was licensed under the laws of the State of New York on October 1, 1980. Effective July 1, 2002, a merger was consummated in Japan between the Yasuda Fire & Marine Insurance Company, Ltd. and Nissan Fire. The name of the surviving entity was Sompo Japan Insurance Inc., which was the Company’s ultimate parent.

On April 1, 2015, Sompo America Insurance Company (“SAIC”) transferred to its parent, Sompo America Holdings, Inc. (“SAH”), the stock of the Company as a dividend of kind.

Effective January 1, 2017, the Company’s charter was amended to adopt its current name. The Company was a wholly owned subsidiary of SAH. On December 31, 2017, SAH merged with and into an affiliate, Endurance U.S. Holdings Corp. (“EUSH”), with EUSH as the surviving corporation.

Effective 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

The board took action by unanimous written consent one time each calendar year from 2018 to 2020. In 2021, the board did not meet or take action by unanimous written consent.

The Company's by-laws state, in part:

“ . . . Article 2, Section 4. Regular Meetings. Regular meetings of the board of directors shall be held immediately following the annual meeting of shareholders and at such intervals and on such dates as the board may designate, but no less than four regularly scheduled quarterly board meetings shall be held in each calendar year . . .

Article VIII, Section 7. Action Without a Meeting. Where time is of the essence, but not in lieu of any regular or special scheduled meeting of the Board of Directors or any committee thereof, any action required or permitted to be taken by the Board of Directors or any committee thereof,

may be taken without a meeting if all members of the Board, or of such committee, consent in writing to the adoption of a resolution authorizing action. The resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee . . .”

The Company did not hold the minimum number of four meetings in the years 2018-2021. As stated above, unanimous written consent was taken once each year in 2018-2020. The by-laws state that action can be taken but “. . .not in lieu of any regular or special schedule meeting . . .”.

It is recommended that the Company comply with its by-laws regarding board meetings or amend its by-laws to conform with the Company’s practice.

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

“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 a committee thereof.

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 and the District of Columbia.

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 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). 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, 41, and 63 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$4,400,000.

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	\$29,000,645	\$ 174,144	\$29,174,789
2019	\$58,452,412	\$1,413,643	\$59,866,055
2020	\$62,038,901	\$1,603,873	\$63,642,774
2021	\$62,167,547	\$1,484,292	\$63,651,839

The Company's predominant line of business is workers' compensation, which accounted for 95.4% of the Company's 2021 direct written business. During the examination period, assumed premiums represent business assumed from the National Workers Compensation Reinsurance Pool.

The growth in SAFM's direct premium from 2018 to 2019 is primarily driven by Sampo International's Global Risk Solutions ("GRS") business unit, which was established in 2016. In March 2017, the GRS business unit started writing business on the Company's paper.

The Company solicits business through wholesale and retail producers.

C. Reinsurance Ceded

Pursuant to an agreement, dated October 1, 2008, between the Company and SAIC (formerly, Sampo Japan Insurance Company of America), the Company cedes to SAIC 100% of the ultimate net loss of the Company, arising out of, or under, any of the Company's policies, except losses and case reserves incurred by the Company prior to October 1, 2008. Policies are defined in the agreement as every binder, policy and contract of insurance or reinsurance issued, or entered into, by the Company with a policy start date after July 1, 2007. The agreement does not include the business related to the Company's participation in the Excess Casualty Reinsurance Association pool.

The agreement was amended effective January 1, 2017, to acknowledge the name changes of the Company and SAIC, and to revise the clause "Account, Report and Remittance" and the exhibit "Obligations to Pay Reinsurance Premiums". The agreement was further amended effective January 1, 2018, to reflect the termination date of the treaty as January 1, 2021, and to revise the exhibit "Obligations to Pay Reinsurance Premiums". Additionally, the agreement was amended effective January 1, 2021, to extend the termination date to January 1, 2024.

Pursuant to the terms of the aforementioned agreement, SAFM ceded 100% of its premiums to SAIC. As noted in section 5 of this report, this agreement was terminated effective January 1, 2022.

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.

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. The 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

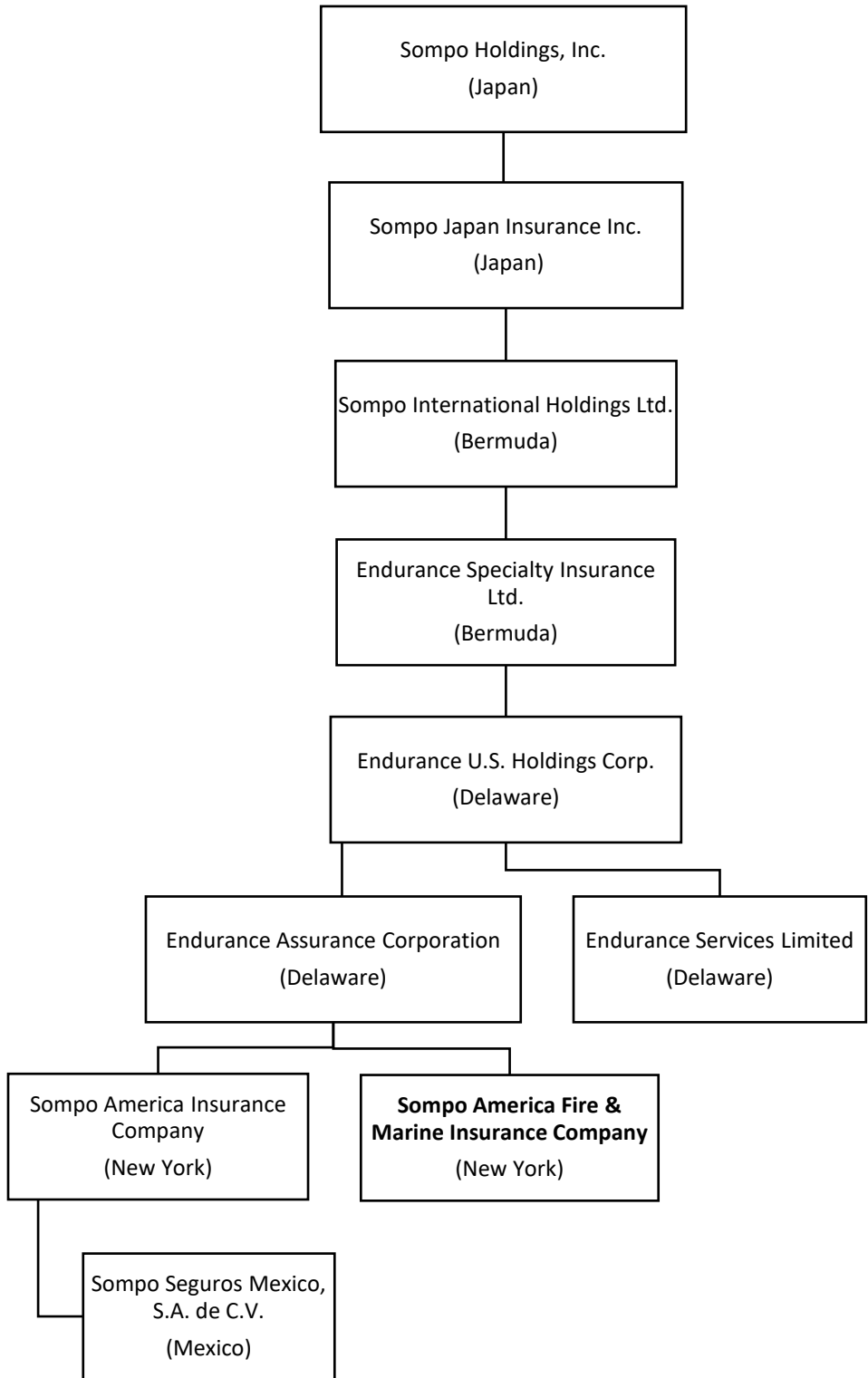
The Company is a member of the Sompo Group. The Company is wholly owned by Endurance Assurance Corporation, a property and casualty insurance company domiciled in Delaware, which in turn is wholly owned by Endurance U.S. Holdings Corp. (“EUSH”), a Delaware corporation. EUSH is a direct subsidiary of 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 include 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 primarily provides workers' compensation policies to U.S. subsidiaries of Japanese 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.



Holding Company Agreements

At December 31, 2021, the Company was party to the following agreements with other members of the 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 SAIC. 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(d) 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 SAIC. 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(d) 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 SAIC 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 SAIC 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 SAIC. The agreement outlines certain management and administrative services that SAIC provides to the Company. SAIC is 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(d) 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 adjusted liabilities to liquid assets ratio of 97% falls within the benchmark range set forth in the Insurance Regulatory Information System of the NAIC. All other ratios are not presented because they are not meaningful due to the reinsurance agreement in place with SAIC.

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	\$ 40,292,640	\$ 0	\$ 40,292,640
Cash, cash equivalents and short-term investments	101,213,404	0	101,213,404
Investment income due and accrued	114,908	0	114,908
Uncollected premiums and agents' balances in the course of collection	4,377,683	1,045,049	3,332,634
Deferred premiums, agents' balances and installments booked but deferred and not yet due	19,372,806	0	19,372,806
Amounts recoverable from reinsurers	11,361,240	0	11,361,240
Funds held by or deposited with reinsured companies	6,970	0	6,970
Current federal and foreign income tax recoverable and interest thereon	368,719	0	368,719
Net deferred tax asset	515,851	2,109	513,742
Receivables from parent, subsidiaries and affiliates	18,375	0	18,375
Amount receivable under high deductible policies	<u>8,018,654</u>	<u>0</u>	<u>8,018,654</u>
Total assets	<u>\$185,661,250</u>	<u>\$1,047,157</u>	<u>\$184,614,092</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and loss adjustment expenses	\$ 99,867
Reinsurance payable on paid losses and loss adjustment expenses	79,030
Other expenses (excluding taxes, licenses and fees)	17,670
Taxes, licenses and fees (excluding federal and foreign income taxes)	5,904,466
Ceded reinsurance premiums payable (net of ceding commissions)	65,887,964
Amounts withheld or retained by company for account of others	87,727,629
Remittances and items not allocated	(7,439,640)
Payable to parent, subsidiaries and affiliates	3,903,514
Payable for securities	2,250
Deferred ceding commission	<u>958,468</u>
 Total liabilities	 \$157,141,219

Surplus and Other Funds

Common capital stock	\$ 5,000,000
Gross paid in and contributed surplus	14,947,291
Unassigned funds (surplus)	<u>7,525,582</u>
 Surplus as regards policyholders	 \$ <u>27,472,873</u>
 Total liabilities, surplus and other funds	 \$ <u>184,614,092</u>

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 \$3,454,856, as detailed below:

Underwriting Income

Premiums earned		\$ 0
Deductions:		
Losses and loss adjustment expenses incurred	\$1,108,821	
Other underwriting expenses incurred	<u>52,638</u>	
Total underwriting deductions		<u>1,161,459</u>
Net underwriting gain or (loss)		\$(1,161,459)

Investment Income

Net investment income earned	\$3,929,292	
Net realized capital gain	<u>1,126,482</u>	
Net investment gain or (loss)		5,055,774

Other Income

Net gain or (loss) from agents' or premium balances charged off	(53,368)	
Finance and service charges not included in premiums	206	
Aggregate write-ins for miscellaneous income	<u>26,977</u>	
Total other income		<u>(26,185)</u>
Net income before dividends to policyholders and before federal and foreign income taxes		\$3,868,130
Dividends to policyholders		<u>0</u>
Net income after dividends to policyholders but before federal and foreign income taxes		\$3,868,130
Federal and foreign income taxes incurred		<u>413,274</u>
Net income		<u>\$3,454,856</u>

C. Capital and Surplus

Surplus as regards policyholders decreased \$47,436,399 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			\$74,909,271
	<u>Gains in</u>	<u>Losses in</u>	
	<u>Surplus</u>	<u>Surplus</u>	
Net income	\$3,454,856		
Net unrealized capital losses		\$ 10,040	
Change in net deferred income tax	127,647		
Change in nonadmitted assets		960,789	
Surplus adjustments paid in		41,020,706	
Dividends to stockholders		9,729,294	
Correction of error	<u>701,926</u>	<u>0</u>	
Total gains and losses	\$4,284,429	\$51,720,829	
Net increase (decrease) in surplus			<u>(47,436,398)*</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2021			<u>\$27,472,873</u>

* Rounding difference of \$2

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

Capital paid in is \$5,000,000 consisting of 5,000 shares of \$1,000 par value per share common stock. Gross paid in and contributed surplus is \$14,947,291. Gross paid in and contributed surplus decreased by \$41,020,706 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 \$99,867 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**

Effective January 1, 2022, the Company, SAIC, 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 are novated to EAC and EAC assumes 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 SAIC, as described in section 2C of this report, was terminated.

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 Company comply with its by-laws regarding board meetings or amend its by-laws to conform with the Company's practice.	5
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 a 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 Fire & Marine 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*

