



**REPORT ON EXAMINATION
OF
RENAISSANCERE EUROPE AG, US BRANCH
AS OF DECEMBER 31, 2022**

**EXAMINER:
DATE OF REPORT:**

**SHEIK H. MOHAMED
MAY 28, 2024**

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

May 28, 2024

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 32570 dated August 22, 2023, attached hereto, I have made an examination into the condition and affairs of RenaissanceRe Europe AG, US Branch as of December 31, 2022, and submit the following report thereon.

Wherever the designation "the Branch" appears herein without qualification, it should be understood to indicate RenaissanceRe Europe AG, US Branch.

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 the RenaissanceRe Europe AG, US Branch, a multi-state reinsurer. The previous examination was conducted as of December 31, 2017. This examination covered the five-year period from January 1, 2018 through December 31, 2022. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

This examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook, which requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Branch by obtaining information about the Branch including corporate governance, identifying and assessing inherent risks within the Branch and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with New York laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

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

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

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

2. DESCRIPTION OF BRANCH

RenaissanceRe Europe AG (formerly known as Tokio Millennium Re AG) (“RREAG”) is a reinsurer incorporated in Switzerland that began writing business on March 15, 2000. RenaissanceRe Europe AG, US Branch (formerly known as Tokio Millennium Re AG (U.S. Branch) until May 3, 2019)

was licensed as a United States branch of RREAG by the State of New York on June 2, 2014, and commenced business on the same date.

A. Corporate Governance

As a United States branch of an alien insurer licensed in New York, the Branch is required to operate its business through a manager that is located in the United States. In that capacity, effective January 1, 2021, RenaissanceRe Europe AG appointed RenRe North America Employee Services Inc. (“RRNAES”), a wholly-owned subsidiary, as manager, replacing RenaissanceRe Management Inc. (formerly known as TMR Management, Inc.).

Pursuant to the New York Office of General Counsel Opinion 2005-208 (August 12, 2005), directors and officers of the manager are the directors and officers of the United States branch. The board meets four times during each calendar year. At December 31, 2022, the board of directors was comprised of the following three members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Shannon Lowry Bender Pembroke, Bermuda	Group General Counsel, RenaissanceRe Holdings Ltd.
Ross Arthur Curtis Pembroke, Bermuda	Group Chief Underwriting Officer, RenaissanceRe Holdings Ltd.
Robert Qutub Pembroke, Bermuda	Executive Vice President and Chief Financial Officer, RenaissanceRe Holdings Ltd.

As of December 31, 2022, the principal officers of the Branch were as follows:

<u>Name</u>	<u>Title</u>
David Edward Marra	President
Rajiv Nayan Raval	Chief Counsel and Secretary
Neila Adriana Nivia	Treasurer

B. Territory and Plan of Operation

As of December 31, 2022, the Branch was licensed to write business in New York and Kansas, and authorized as an accredited reinsurer in the remaining 48 states and in the District of Columbia. The Branch does not write direct business.

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

<u>Paragraph</u>	<u>Line of Business</u>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
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
22	Residual value
24	Credit unemployment
26	Gap
28	Service contract reimbursement
29	Legal services
30	Involuntary unemployment
31	Salary protection

The Branch 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 Branch is also authorized by Section 4102(c) of the New York Insurance Law to (i) reinsure risks of every kind or description and (ii) 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 Branch is licensed and the Branch's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Branch is required to maintain a minimum surplus to policyholders in the amount of \$35 million.

Pursuant to the provisions of Section 1315 of the New York Insurance Law, an alien insurer is required to maintain, in the United States, trustee assets for the security of all its U.S. policyholders and creditors, and to appoint a trustee of such assets. Under the terms of a deed trust dated July 30, 2014, RREAG designated the Bank of New York Mellon as its U.S. trustee. The required minimum trustee surplus is \$35 million.

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

<u>Calendar Year</u>	<u>Assumed Premiums</u>
2018	\$383,891,450
2019	\$147,586,143
2020	\$ 20,361,515
2021	\$ 3,657,314
2022	\$ (574,589)

Prior to 2019, the Branch assumed reinsurance business in three business segments: property, casualty, and specialty. Since the third quarter of 2019, the Branch has been in runoff, having ceased underwriting of assumed reinsurance business based on a Plan of Operation submitted to the Department in August 2019.

C. Reinsurance Ceded

The Branch has two significant retrocession contracts in place: a Reserve Development Agreement with Tokio Marine & Nichido Fire Insurance Co., Ltd. (“Tokio Marine”), an unauthorized reinsurer, and a Loss Portfolio Transfer Retrocession Agreement with its affiliate, Renaissance Reinsurance U.S. Inc. (“RRUS”), each as further described below.

Reserve Development Agreement (“RDA”):

Effective March 22, 2019, RREAG entered into a RDA with Tokio Marine. Pursuant to the terms of the RDA, Tokio Marine agreed to indemnify and reimburse RREAG for an aggregate amount equal to 95% of RREAG’s ultimate net loss (actual paid losses less reinsurance recoverables and salvage and subrogation recoveries) in excess of RREAG’s retention (aggregate loss reserves plus estimated loss from unearned premium), in an amount not to exceed the aggregate limit of \$500 million. RREAG will retain 5% of its losses in excess of the retention up to the \$500 million aggregate limit. The business reinsured includes all insurance and reinsurance contracts of RREAG, including the Branch, that are bound prior to the effective date, and all renewals and replacements thereof or amendments or supplements thereto

required under contractual terms in effect prior to the effective date or under applicable law. As of December 31, 2022, the Branch reported reinsurance recoverables of \$181,706,000 from Tokio Marine.

As of June 30, 2023, Tokio Marine provided a letter of credit, in compliance with Department Regulation 113, to enable the Branch to take statutory credit for the reinsurance ceded under the RDA.

Loss Portfolio Transfer Retrocession Agreement (“LPT”):

Effective October 1, 2019, the Branch entered into an LPT with affiliate RRUS, a Maryland domiciled insurance company licensed in New York. Pursuant to the terms of the LPT, RRUS assumed a 100% quota share of the Branch’s assumed casualty reinsurance contracts that incepted prior to October 1, 2019, including all loss and loss adjusted expense reserves. The LPT shall remain in force until such time as (i) all reinsured liabilities under the assumed casualty reinsurance contracts have been terminated, extinguished or novated and all amounts owing thereunder have been paid, or (ii) the LPT is terminated in accordance with its terms.

The LPT was filed with this Department pursuant to Section 1505(d)(2) of the New York Insurance Law.

All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles (“SSAP”) No. 62R. Ceded loss reserves pursuant to the RDA and LPT were \$331,600,000 as of December 31, 2022. The RDA and LPT were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law. The examination review found that the Schedule F data reported by the Branch in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in 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. The examination review indicated that the Branch was not a party to any finite reinsurance agreements.

As of December 31, 2022, the provision for reinsurance was \$181,923,000, which is mainly in connection with reinsurance loss recoverables pursuant to the RDA. As noted above, collateral was received during 2023 in the form of a letter of credit from Tokio Marine covering a portion of its RDA obligations.

D. Holding Company System

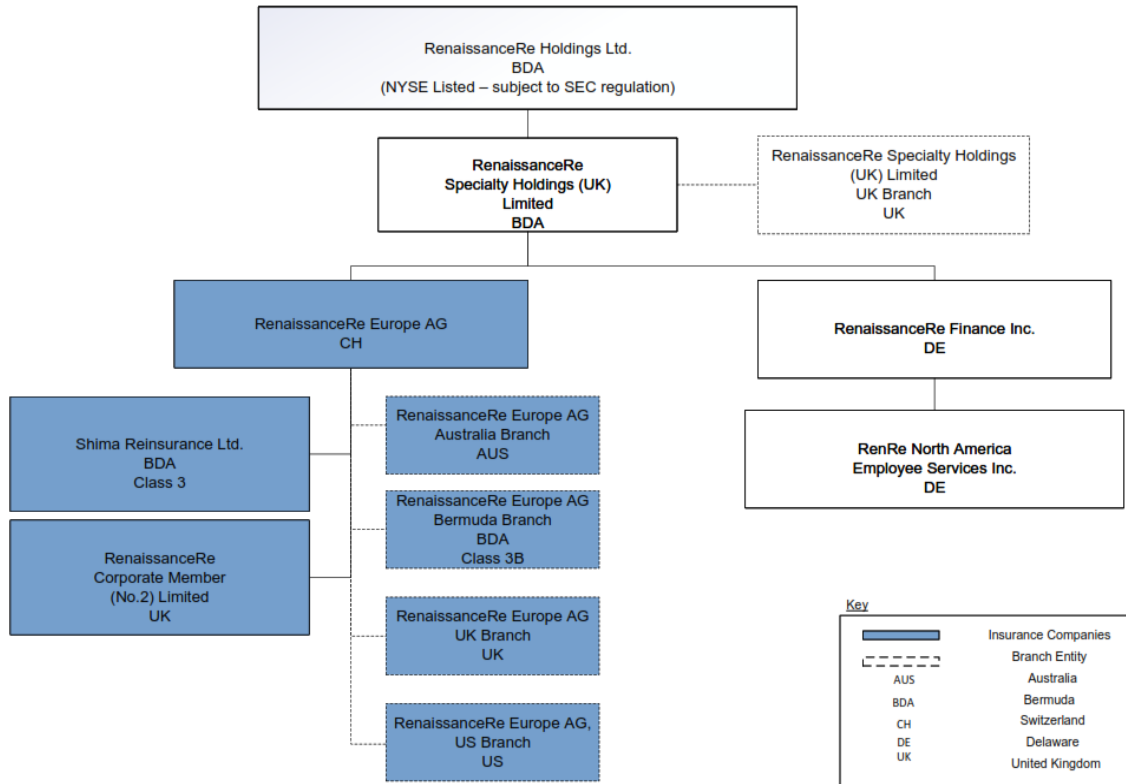
The Branch is one of four branches of RenaissanceRe Europe AG, a Switzerland reinsurance company. RREAG also has an Australian branch, a Bermuda Branch, and a United Kingdom branch. RREAG is a wholly owned subsidiary of RenaissanceRe Specialty Holdings (UK) Limited, a company organized under the laws of Bermuda, which is ultimately controlled by RenaissanceRe Holdings Ltd. (“RenRe Holdings”), a company organized under the laws of Bermuda. RenRe Holdings is a public company that is listed on the New York Stock Exchange.

RREAG is licensed and regulated by the Swiss Financial Market Supervisory Authority FINMA (“FINMA”). RREAG was formed in Bermuda on March 15, 2000 and redomesticated to Switzerland on October 15, 2013. RREAG operates in the United States through its Branch, which is managed by RRNAES.

Following the acquisition of RREAG by RenRe Holdings in 2019, the Branch was placed into runoff pursuant to a Plan of Operation submitted to this Department in August 2019. Under the Plan of Operation, the Branch (i) transferred its U.S. casualty reinsurance portfolio to RRUS through a Loss Portfolio Transfer Retrocession Agreement effective October 1, 2019 (described in section 2C of this report); (ii) ceased underwriting activities and (iii) continued to run off any remaining short tail property/specialty reinsurance business until all liabilities are extinguished through novation, commutation or expiration, subject to ceding company consent.

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, 2022:



Holding Company Agreements

At December 31, 2022, the Company was party to the following agreements with other members of its holding company system:

Net Worth Maintenance Agreement

Effective March 22, 2019, RenRe Holdings and RREAG entered into a net worth maintenance agreement, pursuant to which RenRe Holdings has agreed to cause RREAG to maintain a minimum net worth equal to at least the 100% Swiss Solvency Test ratio level, as prescribed by FINMA.

Management Agreement

Effective January 1, 2021, RREAG and RRNAES entered into a management agreement whereby RREAG appointed and authorized RRNAES to act as the manager for RREAG US. Pursuant to the terms of this agreement, RRNAES provides certain personnel to serve as officers and other staff of RREAG US and perform various accounting, human resources, legal, information systems and technology, actuarial, underwriting, risk management, claims, operations, and certain other services. All expenses shall be allocated in accordance with Department Regulation 30 and calculated in accordance with SSAP No. 70.

This agreement with RRNAES replaced the management agreement with the prior U.S. manager, RenaissanceRe Management Inc. (formerly known as TMR Management, Inc.), dated April 22, 2014.

The management agreement with RRNAES was filed with this Department pursuant to Section 1505 of the New York Insurance Law. As of December 31, 2022, the Branch reported payables due of \$521,000 and incurred \$4,167,000 of expenses pursuant to the management agreement.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2022, as reported by the Branch:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$214,284,313	\$ 0	\$214,284,313
Cash, cash equivalents and short-term investments	8,340,024	0	8,340,024
Receivables for securities	475,591	0	475,591
Investment income due and accrued	1,778,353	0	1,778,353
Uncollected premiums and agents' balances in the course of collection	1,617,118	351,435	1,265,683
Deferred premiums, agents' balances and installments booked but deferred and not yet due	521,534	0	521,534
Amounts recoverable from reinsurers	549,484	0	549,484
Funds held by or deposited with reinsured companies	9,965,253	199,976	9,765,277
Current federal and foreign income tax recoverable and interest thereon	251,127	0	251,127
State taxes	<u>1,068</u>	<u>0</u>	<u>1,068</u>
Total assets	<u>\$237,783,865</u>	<u>\$551,411</u>	<u>\$237,232,454</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and loss adjustment expenses	\$(10,384,857)
Reinsurance payable on paid losses and loss adjustment expenses	12,670,829
Commissions payable, contingent commissions and other similar charges	(771,767)
Other expenses (excluding taxes, licenses and fees)	153,440
Ceded reinsurance premiums payable (net of ceding commissions)	493,841
Funds held by company under reinsurance treaties	43,733
Remittances and items not allocated	177,348
Provision for reinsurance	181,992,000
Payable to parent, subsidiaries and affiliates	520,762
Payable for securities	<u>757,333</u>
 Total liabilities	 \$185,652,662

Surplus and Other Funds

Gross paid in and contributed surplus	\$402,609,778
Unassigned funds (surplus)	<u>(351,029,986)</u>
 Surplus as regards policyholders	 \$ <u>51,579,792</u>
 Total liabilities, surplus and other funds	 <u>\$237,232,454</u>

Note: The Internal Revenue Service has not audited the Branch's tax returns covering tax years 2014 to present. The examiner is unaware of any potential exposure of the Branch to any tax assessment and no liability has been established herein relative to such contingency.

B. Statement of Income

The net income for the examination period as reported by the Branch was \$106,235,752, as detailed below:

Underwriting Income

Premiums earned		\$843,794,905
Deductions:		
Losses and loss adjustment expenses incurred	\$658,039,015	
Other underwriting expenses incurred	<u>165,151,201</u>	
Total underwriting deductions		<u>823,190,216</u>
Net underwriting gain or (loss)		\$ 20,604,689

Investment Income

Net investment income earned	\$60,175,471	
Net realized capital gains	<u>22,602,269</u>	
Net investment gain or (loss)		82,777,740

Other Income

Interest income on funds held	\$3,935,704	
Net realized foreign exchange gains (losses)	(46,565)	
Other income	<u>213,055</u>	
Total other income		<u>4,102,194</u>
Net income before federal and foreign income taxes		\$107,484,623
Federal and foreign income taxes incurred		<u>1,248,871</u>
Net income		<u>\$106,235,752</u>

C. Capital and Surplus

Surplus as regards policyholders decreased \$179,578,719 during the five-year examination period January 1, 2018 through December 31, 2022, as reported by the Branch, detailed as follows:

Surplus as regards policyholders as reported by the Branch as of December 31, 2017			\$231,158,511
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$106,235,752		
Change in net unrealized foreign exchange capital gain (loss)		\$ 177,044	
Change in nonadmitted assets	1,354,573		
Change in provision for reinsurance		181,992,000	
Surplus adjustments paid in	<u>0</u>	<u>105,000,000</u>	
Total gains and losses	\$107,590,325	\$287,169,044	
Net increase (decrease) in surplus			<u>(179,578,719)</u>
Surplus as regards policyholders as reported by the Branch as of December 31, 2022			<u>\$ 51,579,792</u>

Gross paid in and contributed surplus decreased by \$105,000,000 during the examination period, as follows:

<u>Year</u>	<u>Description</u>		<u>Amount</u>
2017	Beginning gross paid in and contributed surplus		\$507,609,778
2020	Return of capital	\$50,000,000	
2022	Return of capital	<u>55,000,000</u>	
	Total capital distributions		<u>105,000,000</u>
2022	Ending gross paid in and contributed surplus		<u>\$402,609,778</u>

D. Analysis of Changes to Surplus

Surplus as regards policyholders as reported by the Branch as of December 31, 2022		\$51,579,792
	<u>Surplus Decrease</u>	
Increase in losses and loss adjustment expenses	<u>\$10,676,000</u>	
Net increase or (decrease) in surplus		<u>(10,676,000)</u>
Surplus as regards policyholders as of December 31, 2022, after examination adjustments		<u>\$40,903,792</u>

E. Analysis of Changes to Income

Net income for the examination period, as reported by the Branch		\$106,235,752
Reversal-prior examination increase in loss and loss adjustment expenses		13,700,000
Income decrease due to examination increase in loss and loss adjustment expense reserves		<u>(10,676,000)</u>
Net income for the examination period, after examination adjustments		<u>\$109,259,752</u>

F. Trusted Surplus Statement

The following shows the assets, liabilities, and trusted surplus as of December 31, 2022, as reported by the Branch:

Assets

Deposits with state officers (excluding special deposits)		\$ 4,576,952
Vested in and held by U.S. Trustee:		
Bonds	\$206,442,904	
Cash	1,081,674	
Accrued invested income	<u>1,765,891</u>	
Total assets vested in and held by U.S. Trustee		<u>\$209,290,469</u>
Total gross assets		<u>\$213,867,421</u>

Liabilities

\$185,652,662

Deductions from liabilities:

Reinsurance recoverable on paid losses and loss adjustment expenses:

 Authorized companies \$ 549,484

Unpaid reinsurance premiums receivable, not exceeding losses and loss adjustment expenses due to reinsured-authorized companies

11,553,562

Total deductions from liabilities

12,103,046

Total adjusted liabilities (liabilities less deductions)

\$ 173,549,616

Trusted surplus

40,317,805

Total adjusted liabilities and trusted surplus

\$213,867,421

G. Analysis of Changes to Trusteed Surplus

Trusteed surplus as regards policyholders as of December 31, 2022, as reported by the Branch	\$40,317,805
Trusteed surplus decrease due to examination increase in loss and loss adjustment expenses	<u>(10,676,000)</u>
Trusteed surplus at December 31, 2022 per report on examination	<u>\$29,641,805</u>

As of December 31, 2022, the Branch's trustee surplus was impaired by \$5,358,195; however, the impairment has been subsequently cured. As of March 31, 2024, the Branch reported a trustee surplus of \$83,487,940.

4. **LOSSES AND LOSS ADJUSTMENT EXPENSES**

The examination liability for the captioned items of \$291,143 is \$10,676,000 more than the \$(10,384,857) reported by the Branch in its filed Annual Statement as of December 31, 2022. 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.

Given that the Department's recommended reserve deficiency aligns with the Branch's 15-month net loss and loss adjustment expenses adverse runoff, as shown in its Quarterly Statement as of March 31, 2024 and its Annual Statement as of December 31, 2023, no additional modifications to the Branch's financial statements are necessary.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained one recommendation as follows (page numbers refer to the prior report):

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Loss and loss adjustment expenses</u> It was recommended that the Branch address the reserving inadequacy and increase its carried reserves to an appropriate level, pursuant to the provisions of Section 1303 of the New York Insurance Law and paragraph 10 of SSAP No. 55.	18

The Branch has complied with this recommendation.

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

This report on examination does not contain any comments or recommendations.

Respectfully submitted,

_____/S/_____
Sheik H. Mohamed
Associate Insurance Examiner

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

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

_____/S/_____
Sheik H. Mohamed

Subscribed and sworn to before me

this _____ day of _____, 2024.

APPOINTMENT NO. 32570

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, Adrienne A. Harris, 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:

Sheik Mohamed

as a proper person to examine the affairs of the

RenaissanceRe Europe AG US Branch

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 22nd day of August, 2023

*ADRIENNE A. HARRIS
Superintendent of Financial Services*

By:

Joan Riddell

*Joan Riddell
Deputy Bureau Chief*

