



**REPORT ON EXAMINATION  
OF  
THREE BELMONT INSURANCE COMPANY**

**AS OF DECEMBER 31, 2018**

**EXAMINER:  
DATE OF REPORT:**

**WEI CAO  
MAY 13, 2024**

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KATHY HOCHUL  
Governor



ADRIENNE A. HARRIS  
Superintendent

May 13, 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 32054 dated March 23, 2020, attached hereto, I have made an examination into the condition and affairs of Three Belmont Insurance Company as of December 31, 2018, and submit the following report thereon.

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

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

Due to the COVID-19 pandemic, the examination was conducted remotely.

## 1. SCOPE OF EXAMINATION

The examination covers the period from May 1, 2013, through December 31, 2018, and was limited in its scope to a review or audit of only those balance sheet items considered by this Department to require analysis. Transactions occurring subsequent to this period were reviewed where deemed appropriate. The examination included a review of Company records deemed necessary to accomplish such analysis or verification. Additionally, a review was performed to determine whether the captive insurer was operating within its by-laws, conforming with its plan of operation, as submitted to the New York State Department of Financial Services, and was in compliance with Article 70 of the New York Insurance Law (“the Law”).

Comments and recommendations are limited to those items requiring financial adjustment, procedural recommendations, or instances where the Company was not conforming to the application submitted to the Department or Article 70 of the Law.

The report utilized work performed by the Company’s independent certified public accountant and its opining actuary to the extent considered appropriate.

## 2. DESCRIPTION OF COMPANY

Three Belmont Insurance Company was incorporated on April 29, 2013, under the laws of the State of New York, and commenced business on May 1, 2013. The Company is wholly owned by Comcast Corporation (Comcast), a global media and technology company with three primary businesses, Comcast Cable, NBC Universal Media LLC, and Sky. Three Belmont was formed to provide property coverages to Comcast, its subsidiaries, and affiliates.

### A. Article of Incorporation

The Company is organized to transact those kinds of insurances specified in paragraphs 13, 14, 19 and 20 of Section 1113(a) of the New York Insurance Law, subject at all times to the limitations on the business of pure captive insurance companies set forth in Article 70 of the Law.

### B. By-Laws

The examination found that the Company was in compliance with its by-laws in all material respects.

C. Capital Structure

As a pure captive insurance company incorporated as a stock insurer, the Company is required to maintain a total surplus as regards policyholders of not less than \$250,000, of which \$100,000 shall represent paid-in capital pursuant to the provisions of Section 7004(a)(1) of the Law.

As of December 31, 2018, the Company's paid-in capital was \$30,000,000, consisting of 100,000 shares of common stock with a par value of \$1.00 per share and an additional paid-in capital amount of \$29,900,000. The Company had retained earnings of \$7,076,630 for a total capital and surplus (surplus as regards policyholders) of \$37,076,630.

D. Corporate Records

The corporate records reviewed appeared to be substantially accurate and complete in all material respects.

E. Operations

Effective May 1, 2018, Three Belmont Insurance Company provided property coverage to Comcast, its affiliates, and subsidiaries, on an 80% quota-share basis (100% from May 1, 2017, to May 1, 2018, 75% from May 1, 2014, to May 1, 2017, and 70% prior to 2014) with a limit of \$2 billion per occurrence with various sub-limits. The coverage contains various deductibles for damages covered by specific risks which must be met before losses will enter the Company's layer. The policy was renewed every year and the premium for the policy period of May 1, 2018, to May 1, 2019, was \$21,380,538.

During the period covered by the examination, the Company also provided a Difference-In-Conditions Conventional Terrorism Insurance Policy with a \$2 billion limit per occurrence. The policy covers losses from both certified and non-certified risks arising from an act of terrorism, pursuant to the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA). The Company retained 18% while TRIPRA backstopped the rest in 2018. The Nuclear Biological Chemical and Radiation ("NBCR") portion has been renewed each year since the formation of the Company. The premium for the policy period May 1, 2018, to May 1, 2019, was \$275,000.

All property coverages, including certified terrorism risks not covered under TRIPRA but excluding NBCR exposures, are fully reinsured with third-party reinsurers. Three Belmont Insurance Company retains deductible, and coinsurance for NBCR.

The examination's review found that the Company's cessions to third-party reinsurers included companies not authorized to do business in New York. Subsequent to the period covered by the examination the Company demonstrated that amounts recoverable from unauthorized reinsurers were settled.

F. Management and Control

(i) Captive Manager

Section 7003(b)(4) of the Law provides that no captive insurer shall do any captive insurance business in this State unless it utilizes a captive manager resident in this State that is licensed as an agent or broker under the provisions of Article 21 of the Law, or any other person approved by the Superintendent.

During the period covered by this examination, the Company was managed by Marsh Management Services, Inc. ("Marsh"), which is authorized to act as a manager for captive insurance companies by the Department.

Pursuant to a management agreement, effective May 1, 2013, Marsh has the responsibility for providing the Company with underwriting, policyholder, claims, actuarial and other general management, and operational services for a fee. These responsibilities also included assisting the Company in complying with the rules, regulations, and requirements of the Law and the preparation of the annual financial report required by the Department.

The management agreement was amended on January first of each year covered by this examination to reflect an updated management fee.

(ii) Board of Directors

Pursuant to the Company's by-laws, the business and affairs of the Company shall be managed under the direction of the board of directors. The number of directors shall be not less than three nor more than ten, two of whom shall be residents of New York State. At December 31, 2018, the board of directors was comprised of the following four members:

Name and Residence

Donald Aspinall  
Berwyn, PA

Principal Business Affiliation

Executive Director Global Risk Management,  
Comcast Corp

Andrew G. Fossett  
New York, NY

Senior Vice President Legal,  
NBC Universal Media

Charles Van H. Gavitt  
Moorestown, NJ

Vice President Finance,  
Comcast Corp

Daniel Goodwin  
New York, NY

Senior Vice President Financial Planning,  
NBCUniversal Media

During the period covered by the examination, the board of directors met once each year. A review of the meeting minutes indicated that all the meetings were well attended.

(iii) Officers

As of December 31, 2018, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Donald B. Aspinall	President
Charles Van H. Gavitt	Vice President & Secretary
Andrew G. Fossett	Treasurer

G. Certified Public Accountant

Johnson Lambert LLP was the Company's independent certified public accounting firm during the period covered by the examination. Johnson Lambert LLP stated that, in its opinion, the Company's financial statement present fairly, in all material respects, the financial position of Three Belmont Insurance Company as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### 3. FINANCIAL STATEMENTS

#### A. Balance Sheet

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America.

##### Assets

Cash	\$250,963	
Investment	24,479,672	
Intercompany notes receivable	34,277,905	
Accrued interest income	258,017	
Reinsurance recoverable on unpaid losses	45,537,180	
Prepaid reinsurance premium	6,598,098	
Deferred policy acquisition	467,968	
Deferred tax asset	<u>2,115</u>	
Total assets		<u>\$111,871,918</u>

##### Liabilities

Losses and loss adjustment expenses	\$45,537,180	
Unearned premiums	7,119,628	
Unearned ceding commission income	373,733	
Accounts payable and accrued expenses	16,501	
Federal income taxes payable	582,441	
Payable to affiliate	<u>21,165,805</u>	
Total liabilities		<u>\$74,795,288</u>

##### Capital and Surplus

Common stock	\$100,000	
Additional paid-in capital	29,900,000	
Retained earnings	<u>7,076,630</u>	
Total capital and surplus		<u>\$37,076,630</u>
Total liabilities, capital, and surplus		<u>\$111,871,918</u>



B. Statement of Income

The Company's net income for the period covered by the examination was \$7,076,630, as detailed below:

Underwriting Income

Premiums earned	\$8,375,465	
Ceding commission revenue	<u>4,080,505</u>	
Total underwriting revenue		\$12,455,970

Deductions

General and administrative expenses	587,833	
Policy acquisition and other underwriting expenses	<u>6,516,942</u>	
Total underwriting deductions		<u>7,104,775</u>
Net underwriting income		5,351,195
Investment income		<u>5,020,706</u>
Total income before taxes		10,371,901
Income taxes		<u>3,295,271</u>
Net income		<u>\$7,076,630</u>

C. Capital and Surplus Account

The Company's capital and surplus increased \$37,076,630 during the period covered by this examination, detailed as follows:

Capital and surplus as of May 1, 2013			\$0
	<u>Increase in surplus</u>	<u>Decrease in surplus</u>	
Net income	\$7,076,630	\$0	
Common stock	100,000		
Additional paid in capital	<u>29,900,000</u>	<u>0</u>	
Net increase in surplus			<u>37,076,630</u>
Capital and surplus as of December 31, 2018			<u>\$37,076,630</u>

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

As of December 31, 2018, the Company reported total losses and loss adjustment expense reserves of \$45,537,180. The Company's opining actuarial firm, Oliver Wyman, noted in its Statement of Actuarial Opinion that, in its opinion, the reported losses and loss adjustment expenses were computed in accordance with accepted loss and expense reserving standards and principles and in a manner that conforms to the Standards of Practice promulgated by the Actuarial Standards Board. It was also noted that reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company had been made under the terms of its contracts and agreements.

5. ARTICLE 70 COMPLIANCE

Article 70 of the New York State Insurance Law is the governing section of the law for the formation and continued operation of captive insurers in New York State. A review was performed to test the Company's compliance with all applicable parts of Article 70. No significant areas of non-compliance were found.

## **6. SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared an outbreak of a novel coronavirus (“COVID-19”) pandemic. The pandemic presented significant uncertainty to the U.S. and global insurance and reinsurance industry, with the full effect of COVID-19 still unknown. The Department has been in communication with the Company regarding the impact of COVID-19 on its operations and financial position.

## **7. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

There are no comments or recommendations in this report.

Respectfully submitted,

\_\_\_\_\_/S/  
Wei Cao  
Senior Insurance Examiner

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

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

\_\_\_\_\_/S/  
Wei Cao

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

*NEW YORK STATE*

*DEPARTMENT OF FINANCIAL SERVICES*

*I, Linda A. Lacewell, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

*Wei Cao*

*as a proper person to examine the affairs of the*

*Three Belmont Insurance Company*

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

*COMPANY*

*with such other information as she shall deem requisite.*

*In Witness Whereof, I have hereunto subscribed by name  
and affixed the official Seal of the Department  
at the City of New York*

*this 23rd day of March, 2020*

*LINDA A. LACEWELL  
Superintendent of Financial Services*

*By:*

*Jean L. Riddell*

*Joan Riddell  
Deputy Bureau Chief*

