REPORT ON EXAMINATION
OF
SENECA INSURANCE COMPANY, INC.

AS OF DECEMBER 31, 2023

EXAMINER:	**KIONNA PRESCOTT-LICORISH**
DATE OF REPORT:	**MAY 15, 2025**

TABLE OF CONTENTS

May 15, 2025

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 32586 dated December 11, 2023, attached hereto, I have made an examination into the condition and affairs of Seneca Insurance Company, Inc. as of December 31, 2023, and submit the following report thereon.

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

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 Seneca Insurance Company, Inc., a multi-state insurer. The previous examination was conducted as of December 31, 2019. This examination covered the four-year period from January 1, 2020 through December 31, 2023. 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 Fairfax Financial Group. The examination was performed concurrently with the examinations of the following insurers:

Crum & Forster Subgroup

Company	NAIC Number	State of Domicile
United States Fire Insurance Company	21113	Delaware
Crum & Forster Specialty Insurance Company	44520	Delaware
The North River Insurance Company	21105	New Jersey
First Mercury Insurance Company	10657	Delaware
Crum & Foster Indemnity Company	31348	Delaware
Seneca Specialty Insurance Company	10729	Delaware
Crum & Forster Insurance Company	42471	New Jersey
American Underwriters Insurance Company	10251	Arkansas
MTAW Insurance Company	16498	Delaware
Monitor Life Insurance Company	81442	New York

Allied World Subgroup

Company	NAIC Number	State of Domicile
Allied World Assurance Company US Inc.	19489	Delaware
Allied World Specialty Insurance Company	16624	Delaware
Allied World Surplus Lines Insurance Company	24319	Arkansas
Vantapro Specialty Insurance Company	44768	Arkansas
Allied World Insurance Company	22730	New Hampshire
Allied World National Assurance Company	10690	New Hampshire

Hudson Subgroup
(100% owned by Odyssey Re Subgroup)

Company	NAIC Number	State of Domicile
Hudson Insurance Company	25054	Delaware
Hudson Excess Insurance Company	14484	Delaware
Hilltop Specialty Insurance Company	37079	New York

Odyssey Re Subgroup

Company	NAIC Number	State of Domicile
Greystone Insurance Company	10019	Connecticut
Odyssey Reinsurance Company	23680	Connecticut

Riverstone/TIG Subgroup Company	NAIC Number	State of Domicile
TIG Insurance Company	25534	California

Zenith/ZNAT Subgroup Company	NAIC Number	State of Domicile
Zenith Insurance Company	13269	California
ZNAT Insurance Company	30120	California

Other states participating in this examination were Arkansas, California, Connecticut, New Hampshire and New Jersey.

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
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

Seneca Insurance Company, Inc. was incorporated on March 29, 1978 under the laws of the State of New York as Eagle Star Insurance Company of America. It was formed to serve as the corporate vehicle in the domestication of the United States Branch of the Eagle Star Insurance Company, Ltd., London, England, which entered the United States through the State of New York in 1916. The Company was licensed, and the domestication became effective as of July 1, 1978. The current name was adopted on April 8, 1987.

Prior to September 30, 2002, the Company was a wholly owned subsidiary of Sen-Tech International Holdings, Inc. ("Sen-Tech"). Sen-Tech was formed in October 1993 by an investor group. On August 31, 2000, Sen-Tech was acquired by The North River Insurance Company ("North River"), an indirect subsidiary of Fairfax Financial Holdings Limited. Sen-Tech was dissolved effective September 30, 2002 and the Company subsequently became a wholly owned direct subsidiary of North River.

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 members. The board took action via unanimous written consent at least once per quarter. At December 31, 2023, the board of directors was comprised of the following seven members:

Name and Residence	Principal Business Affiliation
Marc James Adee Far Hills, New Jersey	Chairman of the Board, President and Chief Executive Officer, The North River Insurance Company
Jessica Marie Frankovich Chicago, Illinois	Executive Vice President, Seneca Insurance Company, Inc.
Keith McCarthy Long Beach, New York	Executive Vice President and Chief Underwriting Officer, Seneca Insurance Company, Inc.
Michael Patrick McTigue New Providence, New Jersey	Senior Vice President, General Counsel and Secretary, The North River Insurance Company

Name and Residence	Principal Business Affiliation
Alejandro Morales Jersey City, New Jersey	Senior Vice President, The North River Insurance Company
Arleen Ambrose Paladino Bedminster, New Jersey	Senior Vice President and Chief Financial Officer, The North River Insurance Company
Marc Todd Andrew Wolin Merrick, New York	President and Chief Executive Officer, Seneca Insurance Company, Inc.

As of December 31, 2023, the principal officers of the Company were as follows:

Name	Title
Marc James Adee	Chairman of the Board
Marc Todd Andrew Wolin	President and Chief Executive Officer
Keith McCarthy	Executive Vice President and Chief Underwriting Officer
Jessica Marie Frankovich	Executive Vice President
Yun Thiam Yap	Vice President and Controller
John West Rendina	Senior Vice President and Chief Operating Officer
Kathleen Grace Alicks	Senior Vice President
Antonietta Vitale Castano	Senior Vice President
Frank Vincent Donahue, Jr.	Senior Vice President
Alejandro Morales	Senior Vice President
Arleen Ambrose Paladino	Treasurer
Michael Patrick McTigue	Assistant Vice President and Secretary
Michael Paul Kevin Ziemer	Senior Vice President

B. Territory and Plan of Operation

As of December 31, 2023, the Company was licensed to write business in all 50 states, as well as in the District of Columbia and in the Commonwealth of 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:

Paragraph	Line of Business
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass

Paragraph	Line of Business
9	Boiler and machinery
10	Elevator
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity

The Company is also empowered to transact such workers' compensation insurance as may be incident to coverage contemplated under paragraphs 20 and 21 of Section 1113(a) of the New York Insurance Law, including insurances described in the Longshoremen's and Harbor Workers' Compensation Act (Public Law No. 803, 69th Congress as amended; 33 USC Section 901 et. seq. as amended). The Company is also licensed to write special risk insurance pursuant to Section 6302 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 $3,700,000. However, pursuant to Section 6302(c)(1) of the New York Insurance Law, in order to be licensed to write special risks, the Company is required to maintain surplus as regards policyholders of at least 250% of its authorized control level risk-based capital; therefore, the Company was required to maintain a minimum surplus to policyholders in the amount of $5,516,518.

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

Calendar Year	Direct Premiums	Assumed Premiums	Total Gross Premiums
2020	$256,595,868	$ 89,816,037	$346,411,905
2021	$286,480,467	$106,607,577	$393,088,044
2022	$323,408,594	$143,414,375	$466,822,969
2023	$386,579,232	$220,719,959	$607,299,191

The Company primarily writes commercial multiple peril business, which, in 2023, accounted for approximately 72% of direct written premiums, followed by fire and allied lines, which accounted for 10%

and 8%, respectively. Business is written through independent retail and wholesale brokers throughout the United States with the majority of business written with retail producers. In 2023, approximately 48.76% of direct written premiums were derived from New York.

The Company's assumed premiums is attributable to business assumed from its direct subsidiary, Seneca Specialty Insurance Company ("SSIC"). Effective October 1, 2010, the Company entered into a quota share reinsurance agreement with SSIC. Pursuant to the terms of the agreement, SSIC agrees to cede, and the Company agrees to assume, one hundred percent (100%) of all liabilities and obligations under all of the insurance business written by SSIC, both before and after the effective date. During the examination period, SSIC primarily wrote fire, allied lines, and inland marine business.

This reinsurance agreement was filed with the Department pursuant to Section 1505 of the New York Insurance Law and was non-disapproved on November 9, 2010.

C. Reinsurance Ceded

Pursuant to the terms of a 100% quota share and loss portfolio ("QS&LPT") agreement with United States Fire Insurance Company ("US Fire"), effective April 1, 2013, the Company cedes 100% of its business to US Fire, a Delaware domiciled authorized affiliate. This agreement superseded and replaced any and all prior reinsurance agreements in existence between the parties as of the effective date.

As part of the QS&LPT agreement, the Company assigned all of its rights, title and interest in the existing reinsurance agreements to US Fire. The Company's non-affiliated reinsurance coverage inures to the benefit of US Fire, and US Fire assumed the counter-party credit risk involved with the ceded reinsurance contract. The counter-party credit risk is mitigated by the collateral provided by the trust account established by US Fire for the benefit of the Company. This collateral is required pursuant to the terms of the QS&LPT agreement between the Company and US Fire, which requires US Fire to establish a trust account for the benefit of the Company into which US Fire will deposit funds if the unsecured recoverables to surplus ratio exceeds 150%. The trust is required to maintain a minimum balance of $125,000,000. Effective June 1, 2016, the QS&LPT agreement was amended to decrease the trust requirement by increasing the ratio of unsecured reinsurance recoverables to Company surplus from 150% to 250% with no minimum balance requirement. Effective June 1, 2019, the QS&LPT agreement was amended to remove the requirement for US Fire to hold money in trust for benefit of the Company and replaced it with a funds held provision pursuant to which the Company shall withhold premium funds from the reinsurer. The Company reported $189,491,029 of funds withheld on December 31, 2023.

This agreement and amendments were filed with the Department pursuant to the provisions of Section 1505(d)(2) of the New York Insurance Law and were non-disapproved.

As of December 31, 2023, the Company reported $785,273,000 of reinsurance recoverables from US Fire. The recoverables are offset by funds withheld of $189,491,029 and ceded balances payable of $156,287,458. US Fire was examined concurrently with the Company and there were no examination changes made to US Fire's balance sheet or income statement.

The QS&LPT agreement was 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 QS&LPT agreement was accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R. Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions.

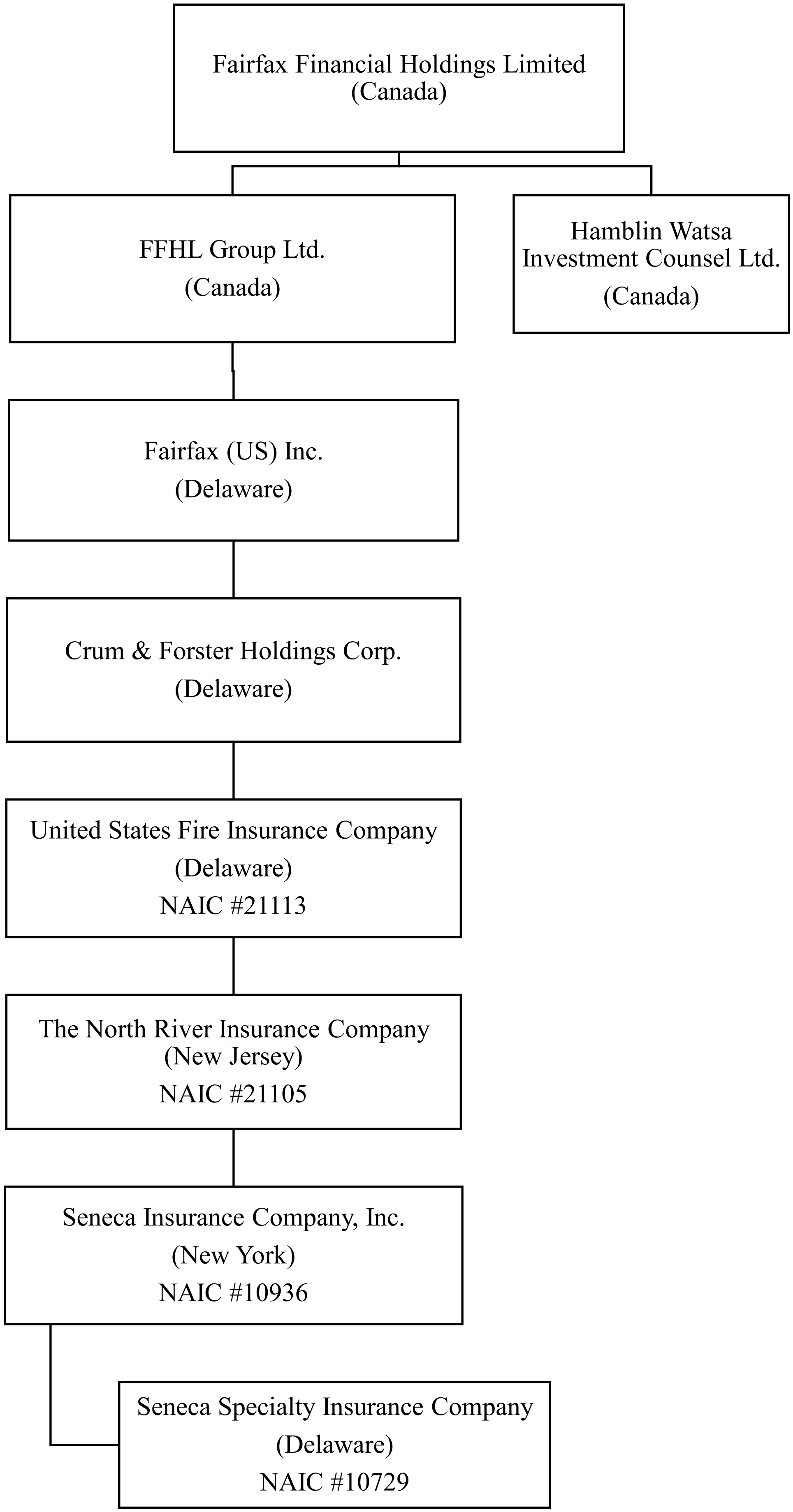
D. Holding Company System

The Company is a member of the Crum & Forster Subgroup of the Fairfax Financial Group. The Company is a wholly owned subsidiary of The North River Insurance Company, which in turn is a wholly owned subsidiary of US Fire Insurance Company ("US Fire"), which in turn is a wholly owned subsidiary of Crum & Forster Holdings, Corp., which in turn is a wholly owned subsidiary of Fairfax (US) Inc., which in turn is a wholly owned subsidiary of FFHL Group Ltd., which in turn is a wholly owned subsidiary of Fairfax Financial Holdings, Limited ("Fairfax Financial"). Fairfax Financial is a public Canadian holding company which owns a substantial number of insurance enterprises.

The Company wholly owns SSIC, a Delaware domiciled insurer. SSIC conducts business as a non-admitted excess and surplus lines carrier in all 50 states and the District of Columbia.

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 as of December 31, 2023:


Fairfax Financial Holdings Limited
(Canada)
FFHL Group Ltd.
(Canada)
Hamblin Watsa
Investment Counsel Ltd.
(Canada)
Fairfax (US) Inc.
(Delaware)
Crum & Forster Holdings Corp.
(Delaware)
United States Fire Insurance Company
(Delaware)
NAIC #21113
The North River Insurance Company
(New Jersey)
NAIC #21105
Seneca Insurance Company, Inc.
(New York)
NAIC #10936
Seneca Specialty Insurance Company
(Delaware)
NAIC #10729

Holding Company Agreements

As of December 31, 2023, the Company was party to the following agreements with other members of its holding company system:

Tax Allocation Agreement

Effective January 1, 2000, the Company, US Fire, and Crum & Forster Indemnity Company entered into a tax allocation agreement with Fairfax (US) Inc. The companies and other affiliates file a consolidated federal income tax return. Pursuant to the terms of this tax allocation agreement, tax payments are made to, or refunds are received from, Fairfax (US) Inc. in amounts equal to the amounts as if separate tax returns were filed with federal taxing authorities. The agreement was filed with the Department in accordance with Department Circular Letter No. 33 (1979) was non-disapproved on December 7, 2000.

Administrative Services Agreement

Effective August 31, 2000, the Company entered into an Administrative Services Agreement with US Fire. Pursuant to the terms of the agreement, each party agrees to provide certain underwriting, claims, policy administration and general services for each other. All premiums received or collected, and all claim payments made on behalf of the parties shall be settled monthly on a net basis. All expenses shall be allocated in accordance with the provisions of Department Regulation 30. All amounts due under this agreement shall be paid within 30 days following the end of the month in which the services are rendered.

Investment Management Agreement

The Company entered into an investment management agreement with Hamblin Watsa Investment Counsel Ltd. ("Hamblin Watsa") and Fairfax Financial, effective October 1, 2002 and amended January 1, 2005. Pursuant to this agreement, for a variable fee, Hamblin Watsa manages the Company's investment account in accordance with specified investment guidelines, and Fairfax Financial provides investment administration services to the Company. The investment administration services include, but are not limited to (a) portfolio accounting functions including posting of all trades, and monitoring investment income, (b) computation of all regulatory figures, (c) computation of liquidity analysis, (d) analysis of book values e.g. bond amortizations and investment provisions, (e) daily processing of securities among others. All fees and disbursements are to be paid no later than 20 days after the receipt of the quarterly report. Additionally, all fees will be paid to Fairfax Financial and Fairfax Financial shall reimburse Hamblin Watsa for its investment management services.

Underwriting and Claims Administrative Services Agreement

Effective January 1, 2008, the Company entered into an underwriting and claims administrative services agreement with SSIC. Pursuant to this agreement, the Company acts as the manager on behalf of SSIC to perform all functions related to underwriting, claims service, establishing premiums, losses, investments, reinsurance and office operations. The Company shall furnish and shall be reimbursed all general management, accounting, clerical, rent, utilities, telephone, telex, travel, entertainment and other production, underwriting and office costs and services required to conduct SSIC's insurance and reinsurance business operations. Additionally, the Company shall be responsible for the payment of federal, state and local taxes, license fees, commissions and fees payable to brokers, insurers and other reinsurers assessed against SSIC. All expenses are to be allocated in accordance with Department Regulation 30.

Master Administrative Services Agreement

Effective November 1, 2014, the Company and various affiliates of the Fairfax (US) Inc. entered into a master administrative services agreement. Pursuant to terms of the agreement, each party agrees to provide to, and accept from, the other parties certain administration and general services including but not limited to: (a) accounting services, (b) underwriting services, (c) claims services, (d) reinsurance services, (e) actuarial services, and (f) legal services. All payments to be made on behalf of the parties shall be settled quarterly on a net basis and shall be due 30 days after the end of each quarter in which the services are rendered. Effective August 1, 2018, this agreement was amended to make several changes, including adding certain direct and indirect subsidiaries of the Allied World Assurance Holdings (U.S.) Inc.

All agreements subject to Section 1505(d) of the New York Insurance Law were filed with the Department.

E. Significant Ratios

The Company's adjusted liabilities to liquid assets ratio of 88%, computed as of December 31, 2023, falls within the benchmark range set forth in the Insurance Regulatory Information System of the NAIC. All other ratios that are normally presented in this section are not presented because they are not meaningful due to the 100% quota share reinsurance with US Fire.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2023, as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$313,731,851	$ 0	$313,731,851
Common stocks	58,764,799	0	58,764,799
Cash, cash equivalents and short-term investments	(3,218,275)	0	(3,218,275)
Investment income due and accrued	3,840,150	0	3,840,150
Uncollected premiums and agents' balances in the course of collection	19,685,615	66,531	19,619,084
Deferred premiums, agents' balances and installments booked but deferred and not yet due	81,710,624	0	81,710,624
Amounts recoverable from reinsurers	46,255,286	0	46,255,286
Net deferred tax asset	1,640,586	0	1,640,586
Electronic data processing equipment and software	10,841,254	10,359,639	481,615
Furniture and equipment, including health care delivery assets	164,520	164,520	0
Equities and deposits in pools and associations	443,515	0	443,515
Other assets nonadmitted	877,133	877,133	0
Total assets	$534,737,058	$11,467,823	$523,269,235

Liabilities, Surplus and Other Funds

Liabilities

Losses and loss adjustment expenses		$ 0
Commissions payable, contingent commissions and other similar charges		2,500,000
Other expenses (excluding taxes, licenses and fees)		2,027,565
Taxes, licenses and fees (excluding federal and foreign income taxes)		1,778,357
Current federal and foreign income taxes		583,712
Ceded reinsurance premiums payable (net of ceding commissions)		156,287,458
Funds held by company under reinsurance treaties		189,491,029
Amounts withheld or retained by company for account of others		1,602,160
Payable to parent, subsidiaries and affiliates		4,513,142
Payable for securities		30,548
Miscellaneous payables		150,000
Total liabilities		$358,963,971
Surplus and Other Funds		
Common capital stock	$ 4,800,000	
Gross paid in and contributed surplus	26,275,566	
Unassigned funds (surplus)	133,229,698	
Surplus as regards policyholders		$164,305,264
Total liabilities, surplus and other funds		$523,269,235

Note: The Internal Revenue Service has not audited tax returns covering tax years 2020 through 2023. 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 $12,766,192, as detailed below:

Underwriting Income		
Net underwriting gain or (loss)		$ 0
Investment Income		
Net investment income earned	$16,224,342	
Net realized capital gain	(638,224)	
Net investment gain or (loss)		15,586,118
Other Income		
Total other income or (loss)		0
Net income before dividends to policyholders and before federal and foreign income taxes		$15,586,118
Dividends to policyholders		0
Net income after dividends to policyholders and after federal and foreign income taxes		$15,586,118
Federal and foreign income taxes incurred		2,819,926
Net income		$12,766,192

C. Capital and Surplus

Capital paid in is $4,800,000 consisting of 24,000 shares of $200 par value per share common stock. Gross paid in and contributed surplus is $26,275,566.

Surplus as regards policyholders increased $17,075,477 during the four-year examination period January 1, 2020 through December 31, 2023, as reported by the Company, detailed as follows:

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders as reported by the Company as of December 31, 2019			$147,229,787
Net income	$12,766,192		
Net unrealized capital gains or (losses)	5,548,575		
Change in net deferred income tax	264,756		
Change in nonadmitted assets		$ 744,161	
Dividends to stockholders	0	759,886	
Total gains and losses	$18,579,523	$1,504,046 *	
Net increase (decrease) in surplus			17,075,477
Surplus as regards policyholders, as reported by the Company as of December 31, 2023			$164,305,264

* Rounding difference of $1

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

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $0 is the same as reported by the Company as of December 31, 2023. This $0 liability is reflective of the 100% quota share agreement with US Fire (refer to section 2C for further description). 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. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

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

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

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

Respectfully submitted,

_______________/S/________________
Kionna Prescott-Licorish
Senior Insurance Examiner

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

Kionna Prescott-Licorish, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

___________/S/____________
Kionna Prescott-Licorish

Subscribed and sworn to before me

this_________ day of __________________, 2025.

APPOINTMENT NO. 32586

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:*

Kionna Prescott-Licorish

as a proper person to examine the affairs of the

Seneca Insurance Company, Inc.

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 11th day of December, 2023

ADRIENNE A. HARRIS
Superintendent of Financial Services

By:

Joan Riddell

Joan Riddell
Deputy Bureau Chief