REPORT ON EXAMINATION
OF
CHIMERA SQUARE INSURANCE COMPANY

AS OF DECEMBER 31, 2021

EXAMINER: **WEI CAO**
DATE OF REPORT: **NOVEMBER 15, 2022**

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November 5, 2025

Honorable Kaitlin Asrow
Acting 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 32449 dated August 25, 2022, attached hereto, I have made an examination into the condition and affairs of Chimera Square 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 Chimera Square 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 examination covers the period from January 1, 2017, through December 31, 2021, 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

The Company was incorporated under the laws of New York State as a captive insurance company on June 10, 2011, and commenced business on July 1, 2011. The Company is a wholly owned subsidiary of WPP Group USA, Inc. ("the Parent").

WPP Group USA, Inc. provides communications and media management services. It offers advertising, media, public relations and affairs, branding, promotion, and marketing services. WPP Group USA, Inc., formerly known as WPP US Holdings, Inc., was founded in 1997 and is based in New York City.

A. Article of Incorporation

The Company is organized to transact the kinds of insurance specified in 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, 2021, the Company's paid-in capital was 2,505,000, consisting of 1,000 shares of common stock with a par value of one hundred dollar per share and an additional paid-in capital amount of $2,405,000. The Company had retained earnings of $39,961,723 for a total capital and surplus (surplus as regards policyholders) of $42,466,723.

D. Corporate Records

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

E. Operations

During the period covered by the examination, the Company provided excess errors & omissions liability coverage to the Parent and its affiliates, subsidiaries, and associated companies. The limit of coverage before December 31, 2020, was $10,000,000 excess of $35,000,000 per wrongful act and in the aggregate. This coverage was 50% reinsured with Marketing Services Risk Surety Ltd. (MSRS), an affiliated company. Effective December 31, 2020, the coverage limits were changed to $10 million per occurrence and in the aggregate, for losses in excess of $45 million and there was no reinsurance attached.

The Company also provides Nuclear, Biological, Chemical or Radiological hazards coverage to the Parent and its affiliates with a limit up to $800,000,000, for any one certified act of terrorism. The terrorism coverage is backstopped by the Terrorism Risk Insurance Program Reauthorization Act ("TRIPRA"). TRIPRA is a temporary public/private risk-sharing plan, established by the federal government, that reimburses eligible insurers for insured losses caused by covered acts of terrorism. On December 20, 2019, TRIPRA was extended again by the U.S. Treasury through 2027 with a loss trigger of $200 million and

coinsurance protection of 80% for calendar year 2020. The Company's deductible is based on its direct written TRIPRA premium. Exposures related to non-certified acts of terrorism are not covered under TRIPRA and are 100% reinsured by MSRS.

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 July 1, 2011, Marsh has the responsibility for providing the Company with policyholder and other general management and operational services for a fee. These responsibilities include assisting the Company in complying with the rules, regulations and requirements of the Law, and maintaining true and complete books of account and records for all business conducted under this agreement. The agreement was amended on July 25, 2018, to reflect a new annual fee for the period of July 1, 2018, to July 1, 2020.

(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 its Board of Directors. The Board shall consist of not fewer than three members, at least two of whom shall be residents of New York State. As of December 31, 2021, the Board of Directors was comprised of the following three members:

Name and Residence	Principal Business Affiliation
Steven Blacker Bellmore, NY	Senior Account, Accounting Manager, WPP Group USA, Inc.
Ronald Pearlroth Ardsley, NY	Vice President, Group Risk Officer, WPP Group USA, Inc.

Name and Residence	Principal Business Affiliation
Paul Stasiulis Lloyd Harbor, NY	Tax Counsel, WPP Group USA, Inc.

During the period covered by the examination, the Board of Directors met once annually. A review of the meeting minutes indicated that each meeting was well attended by all members.

(iii) Officers

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

Name	Title
Ronald Pearlroth	President
Paul Stasiulis	Vice President & Secretary
Steven Blacker	Vice President & Treasurer

G. Certified Public Accountant

Crowe LLP ("Crowe") served as the Company's independent certified public accounting firm for the period covered by the examination. Crowe reported that the Company's accompanying financial statements present fairly, in all material respects, the financial position of Chimera Square Insurance Company as of December 31, 2021, and the results of its operations and cash flows for the year then ended was 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	$298,545	
Premium receivable	10,722,659	
Notes receivable	42,868,460	
Prepaids	4,388	
Deferred tax assets	449,902	
Deferred policy acquisition cost	58,794	
Total assets		$54,402,748
Liabilities		
Unearned premiums	$10,711,956	
Accrued expenses	56,252	
Federal income taxes payable	1,031,976	
Due to Parent	135,841	
Total liabilities		$11,936,025
Capital and Surplus		
Common stock	$100,000	
Additional paid in capital	2,405,000	
Retained earnings	39,961,723	
Total capital and surplus		42,466,723
Total liabilities, capital and surplus		$54,402,748

B. Statement of Income

The Company's net income for the period covered by the examination was $10,446,284 as detailed below:

Underwriting Income		
Premiums earned		$17,163,389
Deductions:		
General and administrative	$529,526	
Policy acquisition costs	1,296,473	
Total underwriting deductions		1,825,999
Total underwriting income		15,337,390
Investment Income		
Investment income	2,273,018	
Total investment income		2,273,018
Total income before taxes		17,610,408
Federal income tax expenses		7,164,124
Net income		$10,446,284

C. Capital and Surplus Account

The Company's capital and surplus increased $10,446,284 during the period covered by this examination, detailed as follows:

Capital and surplus as of January 1, 2017			$32,020,439
	Increases in surplus	Decreases in surplus	
Net Income	$10,446,284	$0	
Net increase in surplus			10,446,284
Capital and surplus as of December 31, 2021			$42,466,723

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

As of December 31, 2021, the Company reported total losses and loss adjustment expense reserves of $0. The Company's opining actuarial firm, Marsh Management Services Inc., stated in its Statement of Actuarial Opinion that, in its professional judgement, the reported statutory reserves were computed in accordance with accepted actuarial standards and principles. The actuary further noted that the reserves make a reasonable provision, in the aggregate, for all unpaid losses and loss adjustment expense obligations of the Company 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. SUMMAY 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_____, 2025.

APPOINTMENT NO. 32449

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:*

Wei Cao

as a proper person to examine the affairs of the

Chimera Square 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 25th day of August, 2022

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Joan Riddell

Joan Riddell
Deputy Bureau Chief