REPORT ON EXAMINATION
OF
FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY

AS OF DECEMBER 31, 2024

EXAMINER: **JAMES RIDDICK**
DATE OF REPORT: **APRIL 17, 2026**

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April 17, 2026

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 32763 dated March 18, 2025, attached hereto, I have made an examination into the condition and affairs of Fair American Insurance and Reinsurance Company as of December 31, 2024, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Fair American Insurance and Reinsurance 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 the Fair American Insurance and Reinsurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2019. This examination covered the five-year period from January 1, 2020, through December 31, 2024. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

New York was the lead state for the Transatlantic Holdings, Inc ("THI") examination. THI is a wholly owned subsidiary of Alleghany Corporation ("Alleghany") with Berkshire Hathaway Inc ("Berkshire") as the ultimate parent. Delaware participated in this examination.

The examination of the Company was performed concurrently with the examinations of the following insurers:

Insurer	Domicile
Transatlantic Reinsurance Company	New York
Fair American Select Insurance Company	Delaware

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

The Company was incorporated under the laws of the State of New York on September 30, 1985, as SAI Industrial Assurance Company ("SAI") as a result of the domestication of the U.S. Branch of the SAI-Societa Assicuratrice Industrials S.P.A of Torino, Italy ("SAI-Italy") to a New York corporation. The Branch was entered in the United States in 1977 through New York and the home office was established in 1921 under the laws of Italy.

Effective December 12, 1985, American International Group ("AIG") purchased 100% of SAI's 1,000 shares of $500 par value per share common stock from SAI-Italy to become the new sole shareholder of the Company. The Company's name was changed to Putnam Reinsurance Company on April 29, 1986.

On February 24, 1986, the Company's authorized capital was increased from $500,000 to $2,500,000, consisting of an additional 4,000 shares of $500 par value per share common stock. On June 30, 1986, an additional 4,000 shares of the Company's common stock were issued to AIG for consideration of $2,000,000. On the same date, AIG contributed all 5,000 shares of the Company's common stock, plus cash, to PREINCO Holdings, Inc. ("PREINCO") in exchange for a 20.0% interest in PREINCO. PREINCO was organized in the State of Delaware on June 10, 1986, to become the new holding company and sole shareholder of the Company.

Effective April 18, 1990, the name of PREINCO Holdings, Inc. was changed to Transatlantic Holdings, Inc. ("THI"). THI became a public company in June 1990.

On December 29, 1995, THI transferred ownership of the Company to its wholly owned subsidiary, Transatlantic Reinsurance Company ("TRC").

As of December 31, 2008, AIG was the majority stockholder of THI, with an ownership of approximately 59%. In June 2009 AIG reduced its ownership in THI, through a secondary offering, to approximately 13.9% of the company's outstanding common shares. In March 2010, AIG reduced its beneficial ownership through another secondary public offering. Immediately following the March 2010

secondary public offering, AIG beneficially owned approximately 1.1% (excluding shares held by certain mutual funds that are advised or managed by subsidiaries of AIG).

On January 15, 2012, the Company's name was changed to its current title. In March 2012, Alleghany Corporation ("Alleghany") and THI completed a merger, and the Company became an indirect wholly owned subsidiary of Alleghany.

On October 1, 2012, the Company acquired 100% of the common stock of Fair American Select Insurance Company ("FASIC"), a surplus line insurer domiciled in Delaware.

Effective November 5, 2015, the Company entered into a stock purchase agreement with its parent, TRC, pursuant to which the Company sold FASIC to TRC.

Alleghany entered into an Agreement and Plan of Merger, dated March 20, 2022, with Berkshire Hathaway Inc. ("Berkshire") and O&M Acquisition Corporation ("Merger Sub"), a wholly owned subsidiary of Berkshire. On October 19, 2022, the parties completed the transaction whereby Merger Sub merged with and into Alleghany; Alleghany, as the surviving entity, became a wholly owned subsidiary of Berkshire, and Berkshire became the new ultimate parent of the Company. The Department approved this transaction on September 16, 2022.

A. Corporate Governance

Pursuant to the Company's charter and bylaws, management of the Company is vested in a board of directors consisting of not less than seven or more than 15 members. The board meets four times during each calendar year. As of December 31, 2024, the board of directors consisted of the following seven members:

Name and Residence	Principal Business Affiliation
Kenneth W. Brandt Alamo, California	President and Chief Executive Officer, Transatlantic Holdings, Inc.
Donna N. Byron New York, New York	Executive Vice President and Head of Human Resources, Transatlantic Holdings, Inc.
Suzanne B. Holohan Brooklyn, New York	Executive Vice President and Chief Actuary, Transatlantic Holdings, Inc.

Name and Residence	Principal Business Affiliation
Beth A. Levene Bucks County, Pennsylvania	Executive Vice President and Chief Claims Officer, Transatlantic Reinsurance Company
Matthew D. Mahoney Darien, Connecticut	Executive Vice President and Chief Financial Officer, Transatlantic Holdings, Inc.
Paul F. McKeon Ridgewood, New Jersey	Executive Vice President, Transatlantic Reinsurance Company
Christopher A. O'Gwen Basking Ridge, New Jersey	President and Chief Executive Officer, Fair American Insurance and Reinsurance Company

As of December 31, 2024, the principal officers of the Company were as follows:

Name	Title
Christopher A. O'Gwen	President and Chief Executive Officer
Amy M. Cinquegrana	Secretary
Brian Gallahue	Senior Vice President and Chief Financial Officer

B. Territory and Plan of Operation

As of December 31, 2024, the Company was licensed to write business in all 50 states and in 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:

Paragraph	Line of Business
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

Paragraph	Line of Business
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(A)(B)(C)(D)	Gap
27	Prize indemnification
28	Service contract reimbursement
29	Legal services

The Company is also authorized to transact such workers' compensation insurance as may be incidental to coverage 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, 69 Cong. As amended; 33 USC Section 901 et seq. as amended).

The Company 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 of description located or resident outside of the United States, its territories and possessions. Additionally, the Company is licensed to conduct 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 $35,000,000.

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

Calendar Year	Direct Premiums	Assumed Premiums	Total Gross Premiums
2020	$ 92,522,799	$ 0	$ 92,522,799
2021	$142,516,590	$ 27,436,671	$169,953,261
2022	$165,440,974	$ 77,393,398	$242,834,372
2023	$166,609,283	$178,490,732	$345,100,015
2024	$224,384,275	$228,093,751	$452,478,026

In 2024, approximately $96 million, or 43%, of the Company's direct writings were primarily produced by four unaffiliated managing general agents ("MGAs"). Business attributed to the four MGAs were other liability/professional liability, group accident and health and non-standard contract and commercial surety. Separate from these MGAs, the Company also writes medical professional liability and group accident and health business.

The Company is also a member of the Medical Malpractice Pool of New York State ("MMIP"), which is a mandatory pool for medical malpractice insurance writers with a significant presence in New York State.

All of the Company's assumed business is attributable to the reinsurance agreements further described herein. The Company's parent, TRC, utilizes various branch offices for business writings. To accommodate alien regulatory authorities' desire to have the undeniable full financial strength of TRC to guarantee the branches' writings, the Company entered into the following reinsurance agreements:

Effective June 30, 2021, the Company entered into an assumed 75% whole account quota share reinsurance agreement and, effective July 1, 2021, an excess of loss reinsurance agreement covering certain lines of business, with the Australian branch of TRC. The Company then fully retroceded this business to TRC.

Effective July 1, 2021, the Company entered into an assumed 100% quota share reinsurance agreement covering certain lines of business with the Japanese branch of TRC. The Company then fully retroceded this business to TRC.

Effective January 1, 2023, the Company entered into an assumed 100% whole account quota share reinsurance agreement covering all lines of business with the Singapore branch of TRC. The Company then fully retroceded this business to TRC.

Effective January 1, 2023, the Company entered into an assumed 90% whole account quota share reinsurance agreement covering all lines of business with the Hong Kong branch of TRC. The Company then fully retroceded this business to TRC.

Effective May 1, 2023, the Company entered into an assumed excess of loss reinsurance agreement covering losses arising from earthquake with the Canadian branch of TRC. The Company then fully retroceded this business to TRC.

These agreements were filed with the Department pursuant to the provisions of Section 1505(d)(2) of New York Insurance Law.

C. Reinsurance Ceded

The Company's primary reinsurance program is with its direct parent, TRC. On October 8, 2012, the Company entered into a 90% quota share reinsurance agreement with TRC, wherein TRC is the reinsurer. This agreement, and endorsements 1 and 2 further described herein, were filed with the Department pursuant to the provisions of Section 1505(d)(2) of the New York Insurance Law.

As noted in section 2B above, the Company retroceded the business its assumed from TRC branches. The Company's 100% retrocession of TRC's Tokyo branch, Sydney branch and Canada branch writings was effective June 30, 2021, via endorsement 1 of the aforementioned 90% quota share reinsurance agreement. The Company's 100% retrocession of TRC's Hong Kong branch, London branch and Singapore branch writings was effective January 1, 2023, via endorsement 2 of the aforementioned 90% quota share reinsurance agreement.

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected the 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 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. Additionally, 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 Berkshire Hathaway Group. The Company is a wholly owned subsidiary of TRC, a New York domiciled insurance company, which, in turn, is wholly owned by THI, which is wholly owned by Alleghany. On October 19, 2022, Alleghany was acquired by Berkshire, a Nebraska corporation, which makes Berkshire the ultimate controlling parent company of the Company. At December 31, 2024, Mr. Warren Buffet owned 30.29519% of Berkshire.

Berkshire is a holding company which owns subsidiaries engaged in numerous diverse business activities, including insurance. Berkshire's insurance subsidiaries provide insurance and reinsurance of property and casualty risks, as well as life and health risks, worldwide. The Nebraska Department of Insurance acts as the lead supervisor for Berkshire's insurance group and chairs the supervisory college.

Berkshire's insurance underwriting operations include the following groups: (1) GEICO (2) Berkshire Hathaway Primary Group and (3) Berkshire Hathaway Reinsurance Group. Alleghany's primary insurance businesses are included in the Berkshire Hathaway Primary Group, and its reinsurance businesses are included in the Berkshire Hathaway Reinsurance Group. TRC and the Company are part of the Berkshire Hathaway Reinsurance Group.

Holding company registration statements filed with this Department 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, 2024:

Berkshire Hathaway Inc.
(Delaware)
Alleghany Corporation
(Delaware)
Transatlantic Holdings, Inc.
(Delaware)
Transatlantic Reinsurance Company
(New York)
NAIC Code 19453
Professional Risk Management Services, Inc.
(Delaware)
Fair American Insurance and Reinsurance Company
(New York)
NAIC Code 35157
Fair American Select Insurance Company
(Delaware)
NAIC Code 15201
TransRe London Limited
(United Kingdom)
TransRe Europe, S.A.
(Luxembourg)
Calpe Insurance Company Limited
(Gibraltar)
Orien Risk Analysts, Inc.
(New York)
TransRe London Services Limited
(United Kingdom)
El Sol Del Paraguay S.A.
(Paraguay)
TRC Escritorio de Representacao no Brasil Ltd.
(Brazil)

Holding Company Agreements

As of December 31, 2024, the Company was party to the following agreements with other members of its holding company system:

Service Agreements

Effective July 1, 2013, the Company appointed TRC as its manager to represent the Company in the states and jurisdictions in which the Company is licensed to transact business with complete authority to do all things necessary or incidental to the conduct of all kinds of insurance business which the Company may be authorized to transact. The Company will reimburse all direct expenses to TRC. In 2024, the Company reported expenses of $5,311,636 under this agreement.

Effective October 2, 2013, the Company and FASIC entered into a service agreement pursuant to which the Company provides insurance facilities and certain administrative services at cost to FASIC, including claims adjustments and investigations; underwriting and processing services; customer service functions; printing and mailing of all policies and endorsements; file and record keeping of all policies and endorsements; accounting and investment services; actuarial services; and other administrative services.

Investment Services Agreements

Effective October 19, 2022, the Company entered into an investment service agreement with Berkshire, wherein Berkshire acts as an investment manager of the Company. Pursuant to the terms of the agreement, Berkshire will supervise and direct the investments of the Company, subject to such limitations as may be duly established and approved by the Company's board or a committee of the board. Berkshire has been appointed as the Company's agent-in-fact with full authority to buy, sell, or otherwise effect investment transactions for the Company. The total fee payable per year under this agreement shall not exceed 0.2 basis points of the market value of the portfolio being managed.

Pursuant to Amendment 1 to the Investment Management Agreement between THI, TRC and New England Asset Management, Inc. ("NEAM"), effective January 1, 2017, for an annual fee based on the market value of assets under management and an additional variable fee for investment accounting services, the Company received investment management and investment accounting services from NEAM, an affiliate. This agreement has been amended 13 times as of year-end 2024, mainly to add or remove accounts. Pursuant to Amendment 12, effective January 1, 2023, NEAM's fee schedule changed, and the Company

was removed as a managed account; however, the investment accounting terms of the agreement remain in effect and the Company receives investment accounting and other investment services such as regulatory reporting assistance, valuation services, risk analytics, and trade settlement services.

Tax Sharing Agreement

The Company and its indirect parent, Alleghany, are part of an affiliated group that file a consolidated federal income tax return. Effective January 1, 2023, the Company entered into tax allocation agreement with Alleghany which provides for the allocation of the consolidated income tax liability on a separate return basis with a current credit for losses. However, any tax deduction, inclusion, or attribute calculated at the consolidated level shall be calculated at the required level and allocated to the companies in a manner that is complaint with pertinent tax regulations except that Alleghany agrees to not allocate and charge the Company the Alternative Minimum Tax under Internal Revenue Code Section 55. This agreement supersedes the Company's tax sharing agreement effective April 29, 2014.

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

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2024, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

Operating Ratios	Result
Net premiums written to policyholders' surplus	10%
Adjusted liabilities to liquid assets	38%
Two-year overall operating	13%

Underwriting Ratios

The underwriting ratios presented below are on an earned/incurred basis and encompass the five-year period covered by this examination:

	Amount	Ratio
Losses and loss adjustment expenses incurred	$44,228,357	64.30%
Other underwriting expenses incurred	18,254,425	26.54%
Net underwriting gain (loss)	6,300,198	9.06%
Premiums earned	$68,782,980	100.00%

The Company's reported risk-based capital ("RBC") score was 8,805.5% at December 31, 2024. The RBC score is a measure of the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. An RBC score of 200% or below can result in regulatory action. There were no financial adjustments in this report that impacted the Company's RBC score.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2024, as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$ 8,106,157	$ 0	$ 8,106,157
Cash, cash equivalents and short-term investments	240,420,969	0	240,420,969
Investment income due and accrued	122,879	0	122,879
Uncollected premiums and agents' balances in the course of collection	45,131,144	0	45,131,144
Amounts recoverable from reinsurers	2,377,252	0	2,377,252
Net deferred tax asset	2,278,900	566,632	1,712,268
Electronic data processing equipment and software	1,428	1,428	0
Receivables from parent, subsidiaries and affiliates	1,430,851	0	1,430,851
Other receivable	17,514,883	0	17,514,883
Medical Malpractice Insurance Pool of New York State	2,956,320	0	2,956,320
Leasehold improvements	1,496,092	1,496,092	0
Total assets	$321,836,875	$2,064,152	$319,772,723

Liabilities, Surplus and Other Funds

Liabilities

Losses and Loss Adjustment Expenses		$ 18,732,293
Reinsurance payable on paid losses and loss adjustment expenses		2,238,038
Commissions payable, contingent commissions and other similar charges		3,369,821
Other expenses (excluding taxes, licenses and fees)		6,042,152
Taxes, licenses and fees (excluding federal and foreign income taxes)		8,723,393
Current federal and foreign income taxes		997,311
Unearned premiums		5,476,599
Ceded reinsurance premiums payable (net of ceding commissions)		40,166,236
Funds held by company under reinsurance treaties		2,660,688
Payable to parent, subsidiaries and affiliates		4,445,327
Other miscellaneous payables		2,438,403
Total liabilities		$ 95,290,261

Surplus and Other Funds

Common capital stock	$ 5,000,000	
Gross paid in and contributed surplus	88,227,719	
Unassigned funds (surplus)	131,254,744	
Surplus as regards policyholders		$224,482,463
Total liabilities, surplus and other funds		$319,772,724

Note: The Internal Revenue Service has not audited tax returns covering tax years 2020 through 2024. 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 $25,925,572, as detailed below:

Underwriting Income		
Premiums earned		$68,782,980
Deductions:		
Losses and loss adjustment expenses incurred	$44,228,357	
Other underwriting expenses incurred	18,254,425	
Total underwriting deductions		62,482,782
Net underwriting gain or (loss)		$ 6,300,198
Investment Income		
Net investment income earned	$43,796,204	
Net realized capital gains (losses)	(12,553,576)	
Net investment gain or (loss)		$31,242,628
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$ 36	
Aggregate write-ins for miscellaneous income	89,728	
Total other income		$ 89,764
Net income before dividends to policyholders and before federal and foreign income taxes		$37,632,590
Dividends to policyholders		0
Net income after dividends to policyholders but before federal and foreign income taxes		$37,632,590
Federal and foreign income taxes incurred		11,707,018
Net income		$25,925,572

C. Capital and Surplus

Capital paid in is $5,000,000 consisting of 10,000 shares of $500 par value per share common stock. Gross paid in and contributed surplus is $88,227,719. Capital paid in and gross paid in and contributed surplus did not change during the examination period.

Surplus as regards policyholders increased $17,962,777 during the five-year examination period January 1, 2020, through December 31, 2024, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2019			$206,519,686
	Gains in Surplus	Losses in Surplus	
Net income	$25,925,572		
Change in net deferred income tax	2,101,356		
Change in nonadmitted assets		$2,064,152	
Dividends to stockholders	0	8,000,000	
Total gains and losses	$28,026,929	$10,064,152	
Net increase (decrease) in surplus			17,962,777
Surplus as regards policyholders as reported by the Company as of December 31, 2024			$224,482,463

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 $18,732,293 is the same as reported by the Company as of December 31, 2024. 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/_____

James Riddick, CFE
Examiner-in-Charge

STATE OF NEW YORK)

)ss:

COUNTY OF NEW YORK)

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

_____/S/_____

James Riddick

Subscribed and sworn to before me

this _____ day of _____, 2026.

APPOINTMENT NO. 32763

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:*

James Riddick

as a proper person to examine the affairs of the

Fair American Insurance and Reinsurance 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 18th day of March, 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: ***Eileen Fox***

Eileen Fox
Assistant Deputy Superintendent