



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of Beazley America Insurance Company, Inc. (the "Company") as of December 31, 2020, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

TO WIT:

1. I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("C.G.S.").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On January 24, 2022, the verified Report of the Company was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On January 25, 2022, the Company notified the Department of certain responses and comments on certain items contained in the Report.
6. Following review of the Report, it was deemed necessary and appropriate to modify the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company is hereby adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the CGS requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

Please address the certification to the Commissioner but send said certification to the care/attention of Michael Shanahan, Supervising Examiner, of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the CGS requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 1st day of February, 2022.



A handwritten signature in black ink, appearing to read "A. Mais", is positioned above a horizontal line.

Andrew N. Mais
Insurance Commissioner



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

IT IS HEREBY CERTIFIED THAT THE ANNEXED

EXAMINATION REPORT

OF

BEAZLEY AMERICA INSURANCE COMPANY, INC. (NAIC #16510)

AS OF

DECEMBER 31, 2020

IS A WHOLE, TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT ON FILE WITH
THE CONNECTICUT INSURANCE DEPARTMENT

IN WITNESS WHEREOF, I hereunto, set my
hand and affix the official seal of the Insurance
Commissioner of the State of Connecticut
this 1st day of February, 2022.

A handwritten signature in black ink, appearing to read "A. N. Mais".

ANDREW N. MAIS
INSURANCE COMMISSIONER





STATE OF CONNECTICUT

INSURANCE DEPARTMENT

CERTIFIED COPY

I, ANDREW N. MAIS, INSURANCE COMMISSIONER OF THE STATE OF CONNECTICUT, HAVE COMPARED THE ANNEXED COPY WITH THE ORIGINAL RECORD ON FILE WITH THE DEPARTMENT OF INSURANCE AND DO HEREBY CERTIFY THAT IT IS A WHOLE, TRUE AND CORRECT COPY OF THE ORIGINAL RECORD.

WITNESS MY HAND AND SEAL OF THE INSURANCE COMMISSIONER OF THE STATE OF CONNECTICUT

THIS 1ST DAY OF FEBRUARY, 2022

A handwritten signature in black ink, appearing to read "A. Mais".

ANDREW N. MAIS
INSURANCE COMMISSIONER



Exhibit A

EXAMINATION REPORT

OF THE

BEAZLEY AMERICA INSURANCE COMPANY, INC.
(NAIC # 16510)

AS OF

DECEMBER 31, 2020

BY THE

CONNECTICUT INSURANCE DEPARTMENT



TABLE OF CONTENTS

	<u>Page</u>
Salutation	1
Scope of Examination	1
History	2
Organizational Chart	3
Management and Control	3
Related Party Agreements	5
Insurance Coverage	5
Territory and Plan of Operation	5
Reinsurance	5
Information Technology Controls	5
Accounts and Records	6
Financial Statements	7
Assets	7
Liabilities, Surplus and Other Funds	8
Statement of Income	9
Capital and Surplus Account	9
Common Capital Stock	10
Gross Paid-in and Contributed Surplus	10
Unassigned Funds (Surplus)	10
Subsequent Events	10
Conclusion	10
Signature	11

December 17, 2021

The Honorable Andrew N. Mais
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street
Hartford, CT 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has conducted a financial examination of the condition and affairs of the

BEAZLEY AMERICA INSURANCE COMPANY. INC.

(hereinafter referred to as the Company or BAIC), a capital stock corporation incorporated under the laws of the State of Connecticut and having its main administrative office located at 30 Batterson Park Road, Farmington, CT. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

This financial examination, which covers the date of incorporation (November 21, 2018) through December 31, 2020, was conducted virtually.

As part of the examination planning procedures, the Department reviewed the following materials submitted by the Company:

- Annual Statements filed with the Department from 2019 and 2020;
- the 2020 Statement of Actuarial Opinion;
- Management's Discussion and Analysis from 2019 and 2020;
- minutes of the Board of Directors (Board) and other Committees minutes from 2019 through the latest 2021 meeting; and
- statutory basis audit reports prepared by Ernst & Young, LLP (E&Y), the Company's independent certified public accountants.

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, reports from the National Association of Insurance Commissioners (NAIC) database, as well as the independent audit report which indicated no material concerns with respect to financial condition or regulatory compliance issues.

BEAZLEY AMERICA INSURANCE COMPANY, INC.

The Department engaged Jennan Enterprises, LLC (Jennan) to assist in a risk-focused assessment and review of the Company's information technology (IT) general controls.

Work papers prepared by E&Y as of December 31, 2019, and 2020, in connection with their annual statutory audits were reviewed and relied upon to the extent deemed appropriate.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the company.

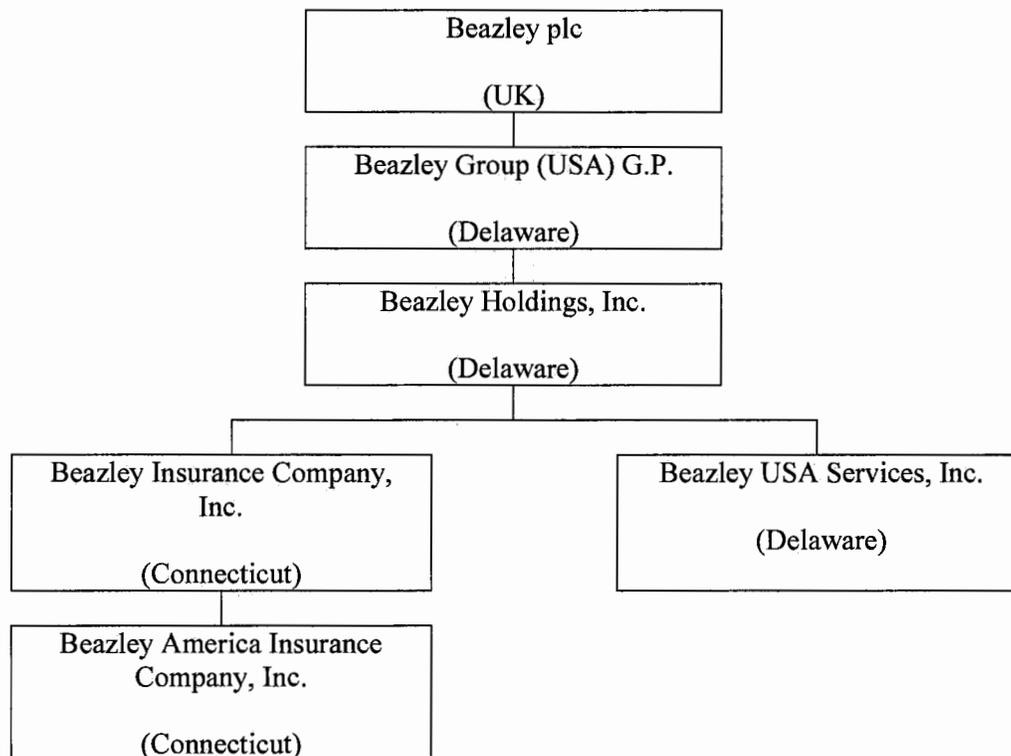
Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

HISTORY

BAIC, a wholly-owned insurance subsidiary of Beazley Insurance Company, Inc. (BICI), is a Connecticut domiciled property and casualty insurance company which was incorporated November 21, 2018, and capitalized on February 8, 2019.

ORGANIZATIONAL CHART

A partial organizational chart of the insurance holding company system at the end of the examination period was as follows:



MANAGEMENT AND CONTROL

The bylaws state that the annual meeting of the shareholders for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held each year on such date, and at such time and place within or without the State of Connecticut, as may be designated by the Board.

Special meetings of the shareholders for any proper purpose or purposes may be called at any time by the Board, the chief executive officer, the president or any vice president, to be held on such date and at such time and place within or without the State of Connecticut, as the Board, the chief executive officer, the president or any vice president, whichever has called the meeting, shall direct.

In accordance with the bylaws, the business of the Company shall be managed by a Board whose number of directors shall be fixed by the Board from time to time. The directors shall be elected at the annual meeting of the shareholders. Except, if any vacancy shall occur among the directors as the result of an increase in the number of directorships, it may be filled for the unexpired term by action of the shareholders or by the concurring vote of directors holding a majority of directorships, which number of directorships shall be the number prior to the vote on the increase.

BEAZLEY AMERICA INSURANCE COMPANY, INC.

All other vacancies in the Board shall be filled in the manner provided by law.

Special meetings of the Board of Directors shall be held upon the call of the chief executive officer, the president, any vice president or a majority of the directors in office.

Directors serving the Company at December 31, 2020, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
David A. Horton	Chief Executive Officer, Beazley plc
Jeremiah E. Sullivan	Head of Professions, Beazley plc
David J. Giroux	Head of U.S. Finance

Officers serving the Company at December 31, 2020, were as follows:

<u>Name</u>	<u>Title</u>
David A. Horton	President
Jeremiah E. Sullivan	Executive Vice President
David J. Giroux	Vice President and Treasurer
Wayne K. Whiten	Secretary
Christine P. Oldridge	Assistant Secretary
Daria L. Sullivan	Assistant Treasurer

Committees to the Board:

The Board may, by resolution designate one or more committees, each committee to consist of two or more of the directors of the Corporation. Any such committee, to the extent provided in such resolution and permitted by law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation.

The Beazley plc Board has delegated to the BAIC Audit and Risk Committee the following areas of authority: monitoring the integrity of the financial statements; reviewing the internal audit plan and providing input and challenge as appropriate; reviewing the Whistleblower Policy; recommending the appointment, terms of reference, independence, monitoring of performance and approval of fees of the consulting actuaries; reviewing the financial and internal controls and risk management systems of the Company; reviewing the external audit plan and audit report on an annual basis; reviewing any regulatory breaches and adequacy of proposed action; and advising the Board on the Company's risk management framework.

Audit and Risk Committee Members serving the Company at December 31, 2020 were:

Jeremiah Sullivan (Chair)
David Giroux

RELATED PARTY AGREEMENTS

The Company is a party to several related party transaction agreements. The material agreements are as follows:

Administrative Services Agreement

Effective February 15, 2019, BICI, BAIC and Beazley USA Services, Inc. (BUSA) entered into an amended and restated agency agreement, whereby BUSA produces, underwrites and services property and casualty insurance business on behalf of BICI and BAIC. Effective February 15, 2019, BICI, BAIC, Beazley Group (USA), G.P. (Beazley USA), Beazley Holdings, Inc. (Holdings), and BUSA entered into an amended and restated intercompany expense agreement whereby all parties agreed to apportion expenses incurred based upon the benefit received for those services. The apportionments occur on a fair and equitable basis. In accordance with this agreement, general and administrative expenses were allocated to BICI as a percentage of gross written premiums, which represented management's best estimate of a fair and equitable apportionment.

Tax Allocation Agreement

Effective November 21, 2018, BICI, BAIC, Beazley USA, Holdings, and BUSA entered into an amended and restated Tax Allocation Agreement whereby all parties agreed to the allocation and payment of U.S. federal income taxes. The allocation is based upon the tax liability or tax refund that would have been determined if each entity had filed a separate return.

INSURANCE COVERAGE

The Company is insured by Travelers Casualty and Surety Company of America under a fiduciary liability policy with Beazley USA and its affiliates. The aggregate limit of liability provides coverage which exceeds the suggested minimum limits of insurance pursuant to the Handbook.

TERRITORY AND PLAN OF OPERATION

The Company, via producer relationships, writes Architects and Engineers Professional Liability insurance, and is currently licensed to write in forty-two states. The plan of operations is to file applications countrywide with the goal of receiving certificates of authority in 2022.

REINSURANCE

Effective January 1, 2019, BAIC entered into a quota share reinsurance treaty with BICI. This agreement cedes to BICI one hundred percent of all business underwritten by BAIC.

INFORMATION TECHNOLOGY CONTROLS

Jennan performed an evaluation of the IT controls in accordance with the guidelines and procedures set forth in Exhibit C Evaluation of Controls in Information Technology of the Handbook (Exhibit C).

BEAZLEY AMERICA INSURANCE COMPANY, INC.

Jennan's objectives were to determine whether IT resources align with the Company's objectives and to ensure that significant risk (strategic, operational, reporting, and compliance) arising out of its IT environment was appropriately mitigated by strategies and controls as outlined in the Handbook's Exhibit C Part Two – Evaluation of Controls in IT.

The objectives above were achieved through a combination of reviewing the Company's policies and procedures, testing in key areas related to Exhibit C, interviewing the Company's senior IT management, reviewing IT risk assessment processes, and leveraging the risk assessment procedures performed by the Company and by E&Y.

Based upon the risk-focused assessment and review, no material findings were noted which would have a significant effect on the annual statement. As a result of this review, it was determined that the IT general controls at the Company were effective.

ACCOUNTS AND RECORDS

The Company utilizes the Agresso Business World System, developed by Unit4 for its general ledger, accounts payable and credit control reporting. The Company utilizes Wings Statutory financial statement software developed by Eagle Technology Management, for preparation of the Annual Statement.

The Company utilizes the services of an outside asset management firm to maintain its investment financial records.

General ledger account balances were reconciled and traced to the amounts reported in the annual statement for 2020. Further detail analyses were performed on the individual accounts throughout the examination.

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company, as of December 31, 2020. No adjustments were made to surplus as a result of the examination.

ASSETS

Account Description	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$9,768,595		\$9,768,595
Cash, cash equivalents and short-term Investments	1,040,951		1,040,951
Investment income due and accrued	118,234		118,234
Premiums and considerations: Uncollected premiums and agents' balances in the course of collection	314,907	\$52,549	262,358
Reinsurance: Amounts recoverable from reinsurers	3,428		3,428
Net deferred tax asset	11,035		11,035
Receivables from parent, subsidiaries and affiliates	69,471		69,471
Totals	<u>\$11,326,621</u>	<u>\$52,549</u>	<u>\$11,274,072</u>

BEAZLEY AMERICA INSURANCE COMPANY, INC.

LIABILITIES, SURPLUS AND OTHER FUNDS

Account Description	Liabilities
Other expenses	\$55,378
Taxes, licenses and fees	55,692
Current federal and foreign income taxes	55,408
Ceded reinsurance premiums payable	1,190,667
Total liabilities	<u>1,357,145</u>
Common capital stock	4,200,000
Gross paid in and contributed surplus	5,550,000
Unassigned funds (surplus)	166,927
Surplus as regards policyholders	<u>9,916,927</u>
Totals	<u>\$11,274,072</u>

BEAZLEY AMERICA INSURANCE COMPANY, INC.

STATEMENT OF INCOME

Other underwriting expenses incurred	\$825
Total Underwriting Deductions	825
Net underwriting gain or (loss)	(825)
Net investment income earned	215,074
Net realized capital gains (losses)	0
Net investment gain or (loss)	215,074
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	214,249
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	214,249
Federal and foreign income taxes incurred	44,992
Net income	<u>\$169,257</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31 prior year	9,789,184
GAINS OR (LOSSES) IN SURPLUS	
Net income	169,257
Change in net deferred tax asset	11,035
Change in nonadmitted assets	(52,549)
Change in surplus as regards policyholders for the year	127,743
Surplus as regards policyholders, December 31 current year	<u>\$9,916,927</u>

BEAZLEY AMERICA INSURANCE COMPANY, INC.

COMMON CAPITAL STOCK \$4,200,000

At December 31, 2020, the Company reported 50,000 shares of capital common stock authorized and 42,000 issued and outstanding. All shares are owned by BICI.

GROSS PAID IN AND CONTRIBUTED SURPLUS \$5,500,000

In 2019 the Company reported \$5,500,000 in paid in surplus due to its original funding.

UNASSIGNED FUNDS (SURPLUS) \$166,927

During the period under examination, changes in surplus were primarily the result of net income from operations.

SUBSEQUENT EVENTS

- The COVID-19 pandemic has continued to develop throughout 2020 and 2021, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination team noted no significant financial impact to the Company as a result of COVID-19. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department will continue to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.
- In March of 2021, Andrew Horton resigned as CEO of Beazley plc and as president of BAIC. Adrian Cox was appointed as CEO of Beazley plc and Jeremiah Sullivan was appointed as president of BAIC.

CONCLUSION

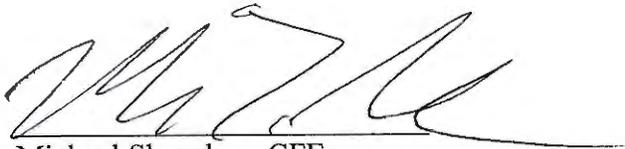
As of December 31, 2020, the Company reported admitted assets of \$11,274,072, liabilities of \$1,357,145, and surplus of \$9,916,927.

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: Edna Bosley; Qing He, FCAS, MAAA; Ronald Jankoski, CFE; Keith Kleindienst, CFE; Mark Murphy, CFE; Kenneth Roulier, AFE, AES, CISA; William Tacy, CFE; and the professional services firms of Jennan and RRC.

I, Michael Shanahan, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2020, to the best of my information, knowledge and belief.

Respectfully submitted,



Michael Shanahan, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

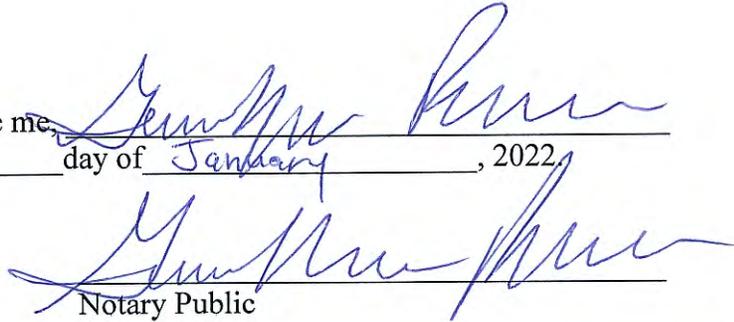
State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me,

Notary Public on this 24 day of January, 2022.


Notary Public

My Commission Expires June 30, 2026

