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 **Trenwick America Reinsurance Corporation** (the "Company") as of December 31, 2022, 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 April 11, 2024, 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 April 29, 2024, 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 C.G.S. 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 William Arfanis, Assistant Deputy Commissioner of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the C.G.S. 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 2nd day of May, 2024.

Andrew N. Mais
Insurance Commissioner

EXHIBIT A

EXAMINATION REPORT

OF

TRENWICK AMERICA REINSURANCE CORPORATION
(NAIC # 34894)

AS OF

DECEMBER 31, 2022

BY THE

CONNECTICUT INSURANCE DEPARTMENT

April 11, 2024

Andrew N. Mais
Insurance Commissioner
Connecticut Insurance Department
153 Market Street, 6th floor
Hartford, Connecticut 06103

Dear Commissioner Mais:

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

TRENWICK AMERICA REINSURANCE CORPORATION

(hereafter referred to as the Company or TARCO), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having its statutory home office and main administrative office located at 40 Richards Avenue, Norwalk, Connecticut. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted by the Financial Regulation Division of the Connecticut Insurance Department (Department) as of December 31, 2017. The current examination, which covers the period from January 1, 2018, through December 31, 2022, was conducted remotely and at the statutory home office of the Company.

As part of the examination planning procedures, the Department reviewed certain material submitted by the Company:

- Board of Directors (Board) minutes (through the latest 2023 minutes);
- statutory audit reports for 2021 and 2022 completed by the Company's independent certified public accountants, BDO USA, LLC (BDO);
- Management's Discussion and Analysis from 2018 through 2022;
- Statements of Actuarial Opinion from 2018 through 2022; and
- Annual Statements filed with the Department.

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, all of which indicated no material concerns with respect to financial condition or regulatory compliance issues.

Work papers prepared by BDO in connection with the respective statutory audits were reviewed and relied upon to the extent deemed appropriate.

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The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the NAIC Financial Examiners Handbook (the Handbook).

The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying inherent risks within the Company, and evaluating 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.

Comments in this report are generally limited to exceptions noted or to items considered to be of a material nature.

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

HISTORY

TARCO was originally incorporated under the name Excess and Treaty Reinsurance Corporation (ETRE) under the laws of the State of New York on August 23, 1977.

ETRE commenced business with paid-in capital of $2.5 million and contributed surplus of $2.5 million. Contributions to ETRE's surplus were made in 1978 and 1979 in the amounts of $3 million and $2 million, respectively, by ETRE's sole shareholder, Excess and Treaty Holding Corporation (ETHC). The name of the Company was changed from ETRE to TARCO on November 22, 1983. ETHC contributed another $8.25 million to surplus in October of 1984.

Upon dissolution of ETHC on December 31, 1984, direct stock ownership of TARCO passed to Trenwick America Corporation (TAC), a Delaware corporation.

On January 1, 1985, TARCO merged with Trenwick Reinsurance Company of Connecticut and changed its state of domicile from New York to Connecticut.

On December 27, 1985, Trenwick Group Inc. (TGI), the ultimate parent company of TAC, completed a private offering of securities. Of the net proceeds received, $25 million was contributed to TARCO's surplus through its parent, TAC, prior to December 31, 1985. On June 16, 1986, TGI completed an initial public offering of securities. Of the net proceeds received, $60 million was contributed to TARCO's surplus through TAC prior to June 30, 1986. TARCO received additional surplus paid from TAC on December 29, 1989, totaling $3.5 million. On December 28, 1992, TGI completed an initial public offering of 6% convertible debentures. Of the net proceeds received, $60 million was contributed to TARCO's surplus through TAC prior to December 31, 1992.

Effective January 20, 1994, the directors of TARCO unanimously adopted a resolution that each outstanding share of common stock be split ten to one. Effective with this split, TARCO transferred and converted $22.5 million of its contributed surplus to common stock which represented the par value of the shares being issued pursuant to the split.

On September 27, 2000, TGI, LaSalle Re Holdings Limited (LRH), LaSalle Re Limited (LRL), and Trenwick Group Ltd. (TGL) completed a business combination in which shareholders of TGI, LRH, and LRL exchanged their shares on a one-for-one basis for newly issued shares of TGL.

In 2001, the transfer of the statutory equity value of Chartwell Insurance Company (Chartwell) and The Insurance Corporation of New York (INSCORP) was made from TAC to TARCO. In 2002, Chartwell was merged into TARCO.

On August 20, 2003, TAC filed for protection under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court). Also, on August 20, 2003, TGL filed insolvency proceedings in the Supreme Court of Bermuda and in the Bankruptcy Court.

On June 29, 2004, Trenwick America Services Corporation (TASCO) was incorporated in Connecticut as a wholly-owned subsidiary of TARCO for the purpose of providing management services.

On October 27, 2004, a "Second Amended Plan of Reorganization for TAC under Chapter 11 of the Bankruptcy Code" was filed, whereby TAC would be reorganized and succeeded by Trenwick America, LLC (TALLC), a Delaware limited liability company and the new parent company. On June 20, 2005, the Connecticut Insurance Commissioner approved the Company's sale to Phoenix Partners, L.P. and Tejas Incorporated. On August 9, 2005, the New York Superintendent (Superintendent) approved this transaction as well. This change in ownership became effective on August 15, 2005.

Pursuant to Article 74 of the New York Insurance Law (Insurance Law), on June 30, 2009, the Supreme Court of the State of New York, County of New York (Receivership Court), issued an Order of Rehabilitation (Rehabilitation Order), placing INSCORP into

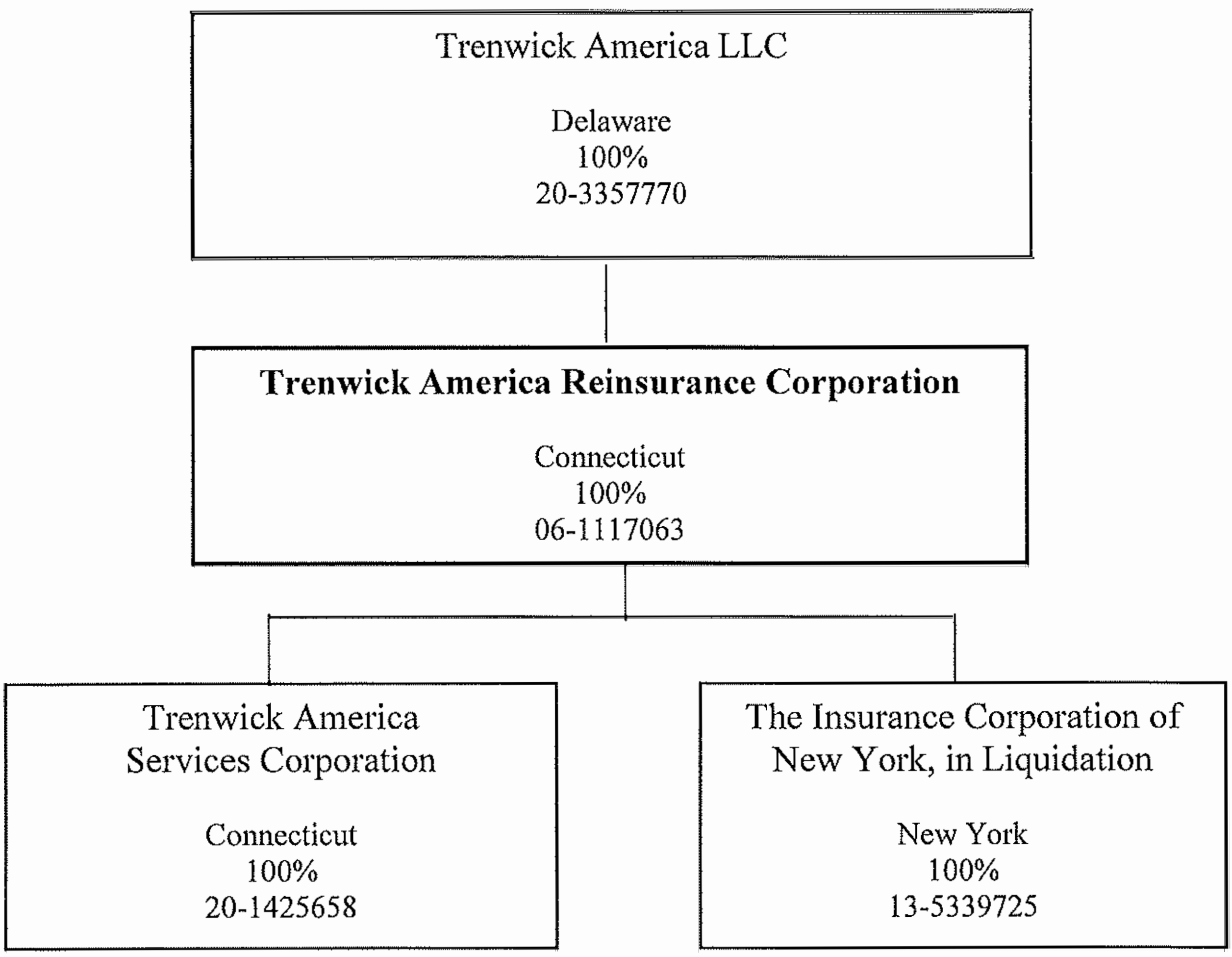
Rehabilitation and appointing then Superintendent, rehabilitator of INSCORP (INSCORP in Rehabilitation). The Rehabilitation Order directed the Rehabilitator to, among other things, take possession of INSCORP in Rehabilitation's property, conduct its business, and take such steps toward the removal of the causes and conditions that made the Rehabilitation Order necessary. The New York Liquidation Bureau (NYLB) is the entity that carries out the responsibilities of the Rehabilitator.

On February 23, 2010, the Superintendent requested the Receivership Court to convert the Rehabilitation Order to a Liquidation Order. On March 10, 2010, the Receivership Court granted the Superintendent's request and INSCORP was placed into liquidation. The NYLB will carry out the responsibilities of the liquidation. At December 31, 2022, the Company recorded its investment in INSCORP at zero.

The Company is a wholly-owned subsidiary of TALLC and owns 100% of the common stock of INSCORP.

ORGANIZATIONAL CHART

The following is the Company's organizational chart as of December 31, 2022:



MANAGEMENT AND CONTROL

Annual Shareholders Meetings

The bylaws provide that there shall be an annual meeting of the shareholders for the election of directors and for the transaction of such other business that may come before such meeting. Special meetings of the shareholders may be called by the president or a vice president, or by resolution of the Board. The presence at any meeting, in person or by proxy, of the holders of record of a majority of the shares issued and outstanding and entitled to vote shall constitute a quorum for the transaction of business.

Board of Directors

The business, property, and affairs of the corporation shall be managed by or by the direction of the Board. Special meetings of the Board may be called by the president or a vice president. A majority of the number of directorships at the time shall constitute a quorum for the transaction of business.

The Board may by resolution or resolutions adopted by the directors holding a majority of directorships, designate one or more committees, each committee to consist of three or more directors of the corporation to perform such duties as the Board shall determine.

The bylaws state that the Company shall be managed by a Board of not less than three nor more than nine directors to be elected annually. Regular meetings of the Board shall be held at such time and place as may be determined by the Board. The annual meeting of shareholders shall be held in each year at such time and place as shall be designated by the Board, within or without the state of Connecticut.

Members of the Board serving the Company at December 31, 2022, were as follows:

Name	Business affiliation
Joann McNiff	Consultant Morgens, Waterfall, Vintiadis & Company, Inc.
Gary Saunders	Managing Director and General Counsel MBIA Insurance Corp.
Michele Whalen	President Seizons LLC

Officers

The officers of the corporation shall be elected by the Board. The bylaws, as amended, indicated the officers of the corporation shall be a chairman of the Board and vice chairman of the Board, who shall be elected from among the members of the Board, and president, executive vice present, a secretary and a treasurer. All shall hold office until the next annual election of officers and until his successor shall have been duly elected and qualified.

As of December 31, 2022, those serving as officers were as follows:

Name	Title
Joann McNiff	Chairman of the Board, President and Chief Executive Officer
Michele Whalen	Vice Chairman of the Board
Nicole Suzanne Morris	Secretary, Treasurer and Chief Financial Officer

RELATED PARTY AGREEMENTS

Run-Off Administrative Services Agreement (RASA)

TARCO is party to a RASA whereby TASCO provides management, services to TARCO and TARCO in turn, is obligated to pay TASCO the actual cost, or a reasonable estimate thereof, for all services provided in accordance with a cost allocation arrangement pursuant to the RASA. TASCO has at all relevant times, owned the items at various values, if tangible, employed in the provision of service to the Company. During the years end December 31, 2022 and 2021, TASCO billed $542,775 and $617,998 respectively, to the Company related to general overhead costs, such as salaries, employee benefits, rent and utilities and loss adjustment expenses that were incurred on behalf of the Company.

Tax Sharing Agreement

TARCO files a consolidated federal income tax return with the following companies:

- TALLC
- TASCO

Allocation of the consolidated tax liability is apportioned among the member companies in accordance with the ratio of the member's taxable income in proportion to the consolidated taxable income of the group.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2022, the Company was licensed in ten jurisdictions and was an accredited/authorized reinsurer in four other jurisdictions. No new business was written during the period under examination as the Company is in run-off.

REINSURANCE

Since 2003, when TARCO began running off its business, the Company has successfully reduced its reinsurance liabilities through the natural process of ongoing settlements and through disciplined reinsurance commutation initiatives.

Assumed Reinsurance

TARCO provided reinsurance to insurers of property and casualty risks located primarily in the United States. The Company generally obtained its business through brokers and reinsurance intermediaries. TARCO wrote both treaty and facultative reinsurance for multiple lines of business on an excess of loss and quota share basis from the late 1970's through mid-2003. Assumed business consists of agreements originally written by TARCO and those originally written by Chartwell.

The majority of the remaining assumed reinsurance liabilities are from accident and health business which was placed with various fronted underwriting pools within which TARCO kept a relatively small retention of five or ten percent.

During the period of examination, the Company entered into commutation and release agreements which covered some or all assumed and reinsurance contracts that it had with several third parties. In consideration for the commutations and releases the Company either collects or pays net cash to those third parties in settlement of all balances under commuted contracts.

During 2022, the Company entered into one commutation and release agreement which covered pool reinsurance contracts with several companies in the AIG Group. In consideration for the commutation and release, the Company a net cash amount of $49,624 in settlement of all balances under the commuted contracts and recognized a net gain of $68,000.

The Company has exposure to asbestos and environmental claims. This exposure arose for the sale of general liability reinsurance. The bulk of the Company's exposure arises through its participation in the Excess and Casualty Reinsurance Association reinsurance pool (ECRA Pool) for the years 1978 to 1982. Through December 31, 2022, Company has commuted certain liabilities from the ECRA Pool. These commutations have had the effect of reducing the case and IBNR reserves and increasing the Company's paid losses at an accelerated rate compared to previous years. The commutations cause a distortion in the Company's survival year ratios. The Company expects this distortion will prevail as the Company continues to commute with other cedants in the ECRA pool.

Ceded Reinsurance

The majority of the ceded reinsurance recoverables are retrocessions related to the accident and health business which was placed with the various fronted underwriting pools as noted in the preceding paragraph.

INFORMATION TECHNOLOGY CONTROLS

Due to the small size of the Company's IT department and the corresponding lack of segregation of duties and formalized controls, no reliance was placed on IT controls.

ACCOUNTS AND RECORDS

The Company uses the third-party general ledger and accounting system, Financial Go (formerly PTE Financial Solutions). The Company uses SunGard (now FIS) iWorks, for investment accounting. Transactions are input into the system on a monthly basis from the JP Morgan Chase custodial statements as well as the statements received from the state deposit accounts by employees at FIS.

As the Company is in run-off, it no longer processes premiums other than premium adjustments. Any such adjustments as well as loss and reinsurance accounts are updated in the Trenwick Reinsurance System and the RE System Group, Inc.'s RSG Reinsurance System (RSG). RSG is a purchased system with in-house modifications.

The 2022 year-end trial balance was reconciled without exception to the 2022 Annual Statement.

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2022. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	$27,624,732		$27,624,732
Stocks:			
Preferred stocks	296,890		296,890
Common stocks	3,363,479		3,363,479
Cash, cash equivalents and short-term investments	1,895,098		1,895,098
Investment income due and accrued	192,557		192,557
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	3,454	$3,454	0
Reinsurance:			
Amounts recoverable from reinsurers	200,126		200,126
Funds held by or deposited with reinsured companies	329,995		329,995
Net deferred tax asset	37,228,574	37,228,574	0
Aggregate write-ins for other than invested assets	16,272	16,272	0
Total	$71,151,777	$37,248,300	$33,902,877

TRENWICK AMERICA REINSURANCE CORPORATION

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	$12,989,904
Reinsurance payable on paid losses and loss adjustment expenses	2,764,615
Loss adjustment expenses	1,091,885
Commissions payable, contingent commissions and other similar charges	234,996
Other expenses (excluding taxes, licenses and fees)	345,094
Funds held by company under reinsurance treaties	11,951
Provision for reinsurance	51,000
Net adjustments in assets and liabilities due to foreign exchange rates	(896)
Payable to parent, subsidiaries and affiliates	112,547
Payable for securities	251,452
Aggregate write-ins for liabilities	738,079
Total liabilities	18,590,627
Common capital stock	25,000,000
Gross paid in and contributed surplus	317,067,100
Unassigned funds (surplus)	(326,754,850)
Surplus as regards policyholders	15,312,250
Totals	$33,902,877

TRENWICK AMERICA REINSURANCE CORPORATION

STATEMENT OF INCOME

UNDERWRITING INCOME	
Premiums earned	$0
Deductions:	
Losses incurred	2,203,704
Loss adjustment expenses incurred	251,575
Other underwriting expenses incurred	17,415
Total underwriting deductions	2,472,694
Net underwriting gain (loss)	(2,472,694)
INVESTMENT INCOME	
Net investment income earned	854,332
Net realized capital gains (losses)	(105,744)
Net investment gain (loss)	748,588
OTHER INCOME	
Aggregate write-ins for miscellaneous income	(988,198)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(2,712,304)
Federal and foreign income taxes incurred	0
Net income	($2,712,304)
CAPITAL AND SURPLUS ACCOUNT	
Surplus as regards policyholders, December 31 prior year	18,922,390
Net income	(2,712,304)
Change in net unrealized capital gains or (losses)	(1,316,232)
Change in net unrealized foreign exchange capital gain (loss)	2,340
Change in net deferred income tax	508,382
Change in nonadmitted assets	(155,326)
Change in provision for reinsurance	63,000
Dividends to stockholders	0
Change in surplus as regards policyholders surplus for the year	(3,610,140)
Surplus as regards policyholders, December 31 current year	$15,312,250

RECONCILIATION OF CAPITAL AND SURPLUS

The following is a reconciliation of capital and surplus for the period under examination:

Beginning of the Examination Period, January 1, 2018	$29,927,378
Net income	(3,040,399
Change in net unrealized capital gain/(losses)	(281,289)
Change in net unrealized foreign exchange capital gain (loss)	(1,588)
Change in net deferred income tax	575,662
Change in non-admitted assets	58,547,824
Change in provision for reinsurance	(24,331)
Surplus paid in	(11,705,000)
Dividends to stockholders	(58,686,007)
Net Change in Capital and Surplus for the Examination Period	(14,615,128)
Capital and Surplus, December 31, 2022	$15,312,250

The change in non-admitted assets was largely attributable to the decrease in the deferred tax admitted asset while the change in surplus paid in represents three declarations of a return of capital from 2019 to 2021, that were each approved by the Division.

The dividends to stockholders resulted from the declaration of an extraordinary dividend in January 2018 of $31,031,633 Senior Notes, $9,339,374 of Junior A Notes and $18,315,000 of Junior B Notes to TALLC that was approved by the Division on March 7, 2018 and paid on April 6, 2018.

LOSSES AND LOSS ADJUSTMENT EXPENSES (LAE) $14,081,789

The following items were included in the captioned account:

Losses	$12,989,904
LAE	1,091,885
	$14,081,789

The Department performed a review of reserving risk. No material issues were noted during the review of reserving risks.

SUMMARY OF RECOMMENDATIONS

None noted.

SUBSEQUENT EVENTS

No material subsequent events were noted.

CONCLUSION

The results of the examination disclosed that as of December 31, 2022, the Company had admitted assets of $33,902,877, liabilities of $18,590,627, and capital and surplus of $15,312,250. During the period under examination, admitted assets decreased by $20,295,816, liabilities decreased by $5,680,688, and capital and surplus decreased by $14,615,128.

TRENWICK AMERICA REINSURANCE CORPORATION

SIGNATURE

In addition to the undersigned, William Arfanis, CFE; Keith Kleindienst, CFE; Riley Greider; Wanchin Chou, FCAS, MAAA, CPCU, CSPA; Amy Waldhauer, FCAS, MAAA; and Kenneth Roulier, AES, AFE, CISA of the Department participated in this examination.

I, Jeffrey Prosperi, CFE, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2022, to the best of my information, knowledge and belief.

Respectfully submitted

Jeffrey Prosperi, 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 11 day of April, 2024.

Notary Public

My commission expires June 30, 2026.