

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

After full consideration and review of the report of the financial examination of North American Specialty Insurance Company for the period ended December 31, 2021, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

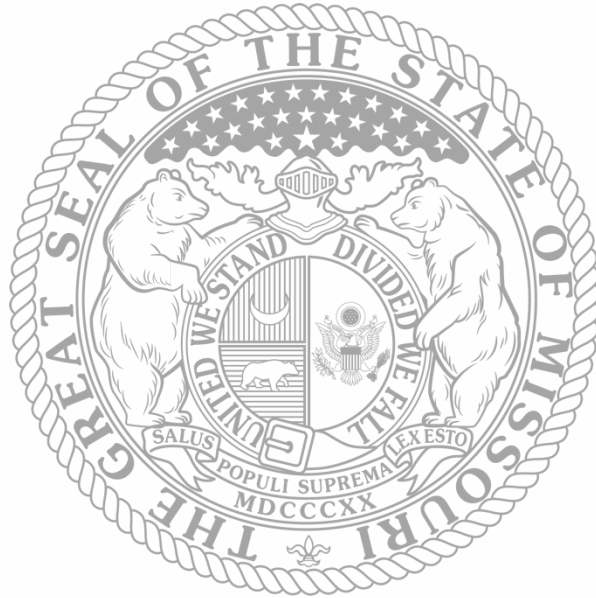
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of North American Specialty Insurance Company as of December 31, 2021, be and is hereby ADOPTED as filed and North American Specialty Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 20th day of June, 2023.



Chlora Lindley-Myers

Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

NORTH AMERICAN SPECIALTY INSURANCE COMPANY

AS OF
DECEMBER 31, 2021

**STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE**

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
May 31, 2023

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

In accordance with your financial examination warrant, a full-scope financial examination has been made of the records, affairs, and financial condition of

North American Specialty Insurance Company (NAIC #29874)

hereinafter referred to as such, as NAS, or as the Company. Its administrative office is located at 1200 Main Street, Suite 800, Kansas City, Missouri 64105, telephone number 816-235-3700. The fieldwork for this examination began on May 2, 2022, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of NAS. The prior examination covered the period of January 1, 2012, through December 31, 2016, and was performed by the New Hampshire Department of Insurance. The current examination covers the period of January 1, 2017, through December 31, 2021, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. 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 the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to NAS included Investments, Premiums and Underwriting, Claims Handling and Reserving, Reinsurance, and Related Party Transactions. The examination also included a review and evaluation of information technology general controls.

This examination was conducted as part of a coordinated examination of the U.S. domestic insurers/reinsurers within the Swiss Re Ltd (SRL) holding company system (Swiss Re or Group), which, for the purposes of this examination, consists of fourteen insurers (including two captives) domiciled in Missouri, New Hampshire, and New York. The Missouri Department of Commerce and Insurance is the lead state regulator for the Group. Along with Missouri, New Hampshire and New York participated in the coordinated examination. The examination was also conducted concurrently with the examinations of the Company’s Missouri domiciled affiliates, as follows:

- Swiss Re Life & Health America Inc. (SRLHA)
- Westport Insurance Corporation (WIC)
- Swiss Re Property & Casualty America, Inc. (SRPCA)
- North American Elite Insurance Company (NAE)
- First Specialty Insurance Corporation (FSIC)
- Washington International Insurance Company (WIIC)
- Lumico Life Insurance Company (LLIC)
- Elips Life Insurance Company (ELIC)
- Wing Re Inc. (Wing Re)
- Wing Re II Inc. (Wing Re II)

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) and general information about the Company 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 are separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

NAS was incorporated as NGM Fire & Casualty Insurance Company under the laws of New Hampshire on November 23, 1973 and began writing business on October 1, 1974. On June 15, 1983, Delta Holdings, Inc. purchased the Company and changed its name to Delta America Insurance Company on July 5, 1983. In December 1983, Delta Holdings Inc. contributed the Company to its wholly-owned subsidiary, Delta America Re Insurance Company. On March 15, 1985, the U.S. Branch of Swiss Reinsurance Company Ltd (SRZ) purchased all of the outstanding capital stock of the Company from Delta America Re Insurance Company. The Company was renamed as North American Specialty Insurance Company on March 26, 1985.

Upon the completion of the internal Swiss Re Group restructuring on October 4, 2011, the Company’s direct parent became WIC, a Missouri domiciled property and casualty insurer. As a result, NAS resided in the Corporate Solutions (CorSo) business unit of the Swiss Re Group headed by Swiss Re Corporate Solutions Ltd (SRCS). CorSo functions as the commercial insurance arm of the Group, offering customized, tailored insurance solutions to businesses.

Mergers, Acquisitions, and Major Corporate Events

In order to simplify the organizational structure, reduce complexity, and strategically align operational and business models, CorSo North America has undergone a reorganization. The reorganization was designed to permit the Group to more efficiently allocate capital and leverage a common carrier to pool business and risks. The reorganization consists of the creation of a new holding company, Swiss Re Corporate Solutions Holding, as a subsidiary of SRZ and the merger of SRCS with and into SRZ. In furtherance of the reorganization, WIC transferred via extraordinary dividend, ownership of its subsidiaries to SR Corporate Solutions America Holding Corporation (SRCSAH) on September 1, 2021. In turn, FSIC, NAE, and North American Capacity Insurance Company (NAC) were contributed by SRCSAH to NAS.

In place of WIC, NAS is to act as the new flagship carrier of the CorSo division. Business formerly written or renewed by WIC is to be written or renewed by U.S. affiliates, including NAS.

Effective December 29, 2021, NAS and its subsidiaries, NAE and WIIC, redomiciled from New Hampshire to Missouri.

Dividends and Capital Contributions

On September 1, 2021, as part of the organizational changes discussed above, WIC transferred the ownership of its insurance subsidiaries, including NAS, to SRCSAH via an extraordinary dividend. SRCSAH, in turn, contributed North American Capacity Insurance Company (NAC), NAE and FSIC to NAS. The contribution had a combined value of \$265,024,251.

Also on September 1, 2021, in conjunction with the organizational changes discussed above, NAS received a capital contribution in the form of cash from SRCSAH totaling \$425,000,000.

Surplus Notes

There were no surplus notes issued or outstanding during the examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are elected by the stockholders. The Company's Articles of Incorporations specify that there shall be no less than nine and no more than twenty-five board members. The Board of Directors elected and serving as of December 31, 2021, are listed on the following page:

Name and Address

Laura Fincke Coppola*
Cranford, New Jersey

Ivan Javier Gonzalez*
Larchmont, New York

Robin Renee LaFollette*
Overland Park, Kansas

Michael Pasquale LaRocca*
New York, New York

Kathleen Ann McGrath*
Haddonfield, New Jersey

Elizabeth Tesson McInerney*
Scarsdale, New York

Sharon Mary O'Sullivan*
Scarsdale, New York

Katarina Scamborova*
New York, New York

Elizabeth Pittman Whitney*
Chicago, Illinois

Principal Occupation and Business Affiliation

Managing Director, Head of Casualty and Fin Pro
Swiss Re Corporate Solutions North America

President/Head of North America
Swiss Re Corporate Solutions

Senior Vice President, Head Fin Pro Claims
Swiss Re Corporate Solutions North America

Managing Director, Head of Property & Specialty Swiss Re
Corporate Solutions North America

Managing Director, Head Accident & Health
Swiss Re Corporate Solutions North America

Managing Director, Head of Business Operations
Swiss Re Corporate Solutions North America

Managing Director, Chief Financial Officer Americas
Swiss Re Corporate Solutions

Managing Director, Head Standard Propositions
Swiss Re Corporate Solutions North America

Senior Vice President, Head Agents US
Swiss Re Corporate Solutions North America

*Effective March 2, 2022, all of the above-listed directors were replaced as directors of the Company by Shareholder action electing a Board of Directors composed of the following:

- John Robert Dacey
- Karen Lynn Given
- Jonathan Isherwood
- David Leonard Jahnke
- Brian William MacLean
- Carol Ann Petren
- Patrick Raaflaub
- Philip Keebler Ryan
- Larry Donald Zimpleman

Senior Officers

The officers elected and serving, as of December 31, 2021, are listed on the following page:

<u>Name</u>	<u>Office</u>
Ivan Javier Gonzalez*	Chief Executive Officer & President
Deryck Michael Malone*	Chief Financial Officer & Senior Vice President
Elissa Beth Rueben Kenny	Secretary & Senior Vice President
Christopher Roy Ritter	Senior Vice President & Appointed Actuary
Steven Paul Anderson*	Senior Vice President
Stephanie Schrandt Boone*	Managing Director
Michael Gray Bohannon	Vice President
Laura Fincke Coppola*	Managing Director
Krystle Marie Dunn	Senior Vice President
Annette Marie Kurtzweil	Senior Vice President & Chief Risk Officer
Michael Pasquale LaRocca	Managing Director
Kathleen Ann McGrath	Managing Director
Elizabeth Tesson McInerney	Managing Director
Sharon Mary O’Sullivan	Managing Director
Katarina Scamborova	Managing Director

*Effective July 1, 2022, Kathleen Ann McGrath replaced Ivan Javier Gonzalez.

*Effective April 1, 2022, Allison Lynn Burke replaced Deryck Michael Malone.

*Effective March 3, 2022, Adrian Hall was elected as a Managing Director of the Company.

*Effective March 31, 2022, Steven Paul Anderson retired from the Company.

*Effective May 16, 2022, Stephanie Schrandt Boone left the Company.

*Effective November 4, 2022, Laura Coppola left the Company.

Principal Committees

The entire Board serves as the Company’s Audit Committee.

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed. The Articles of Incorporation and Bylaws were amended on December 29, 2021, to reflect the redomestication from New Hampshire to Missouri. The minutes of the Board of Directors were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

NAS is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). NAS is part of the Swiss Re Group. The Swiss Re Group is a wholesale provider of reinsurance, insurance, and other insurance-based forms of risk transfer. Working through brokers and a network of offices around the globe, the Group serves a client base made up of insurance companies, medium-to-large-sized corporations and public sector clients. The ultimate controlling party of the Group is Swiss Re Ltd., a corporation based in Zurich, Switzerland.

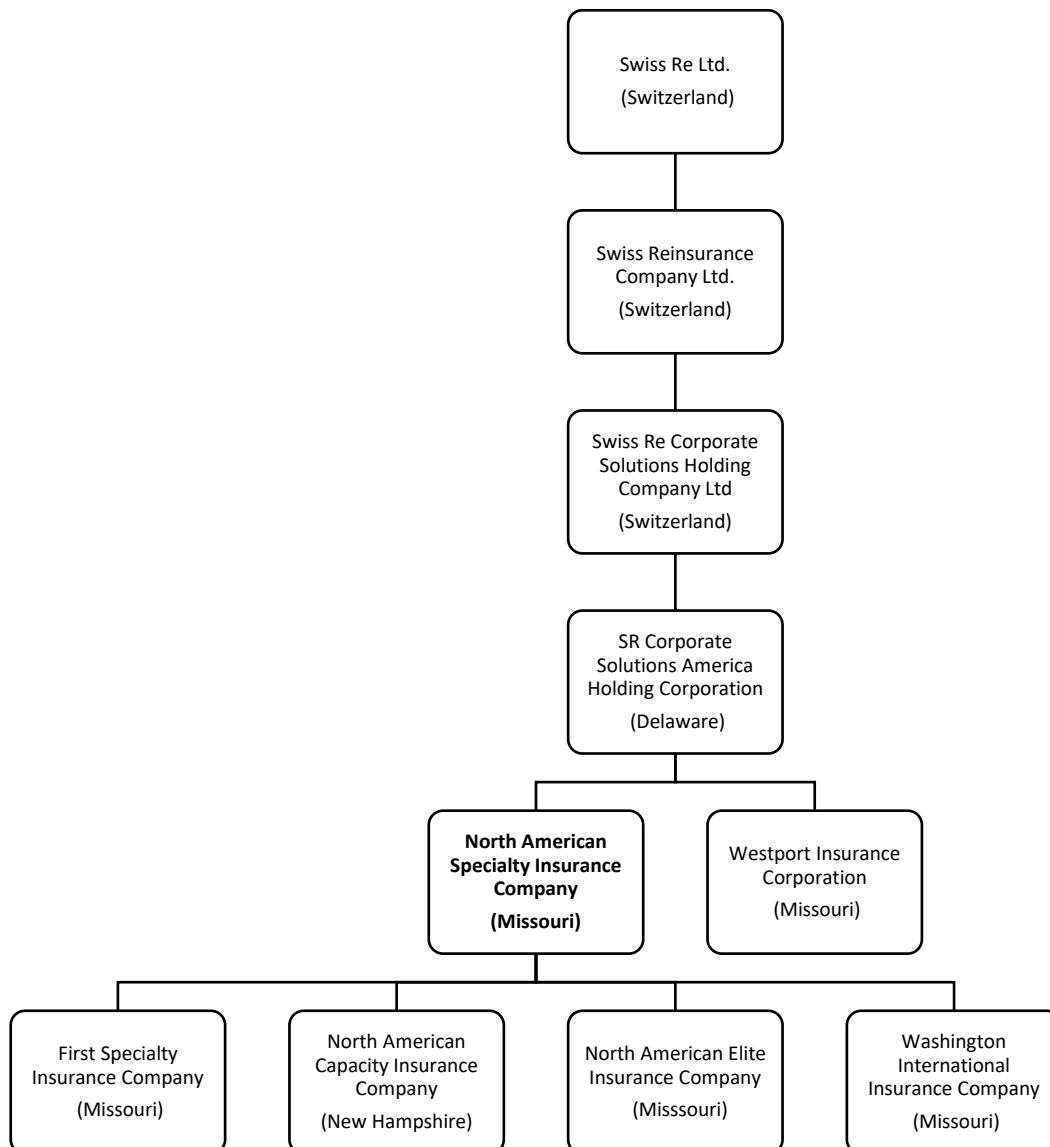
SRL is a diversified global reinsurer, offering a wide variety of reinsurance products and financial services solutions to manage capital and risk. SRL is a publicly traded company on the SIX Swiss Exchange under the symbol SREN; no single shareholder was determined to own 10% or more of its outstanding shares. Swiss Financial Market Supervisory Authority (FINMA) is the lead international regulator of the Swiss Re Group. As the lead state, Missouri represents the U.S. regulators in the Swiss Re Group Supervisory College organized by FINMA

Following a restructuring and effective for the 2021 financial reports, the Group’s operations are managed and reported through two business units and one stand-alone division that correspond to the Group’s core activities, as described below:

- **Reinsurance Business Unit**
The Reinsurance Business Unit offers traditional reinsurance products, insurance-based capital market instruments, and risk management services globally through two operating segments – P&C Reinsurance and L&H Reinsurance.
- **Corporate Solutions Business Unit**
The Corporate Solutions Business Unit is the commercial arm of the Group, providing risk transfer solutions to large and mid-sized corporations around the world.
- **Division iptiQ**
iptiQ is a global Business-to-Business-to-Consumer digital insurance platform aimed at both digital and traditional affinity distribution partners.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2021.



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2021. A brief description of these agreements are as follows:

Service Agreement: This agreement, effective May 1, 2012, is between NAS and SRCSAH. Per the agreement, SRCSAH provides NAS with general management and administrative services such as legal, personnel, information systems, accounting, finance, risk management, actuarial, underwriting, claims, and other services. NAS reimburses SRCSAH for the costs incurred in providing the services.

Service Agreement: This agreement, effective January 1, 2013, is between NAS and WIC. Per the agreement, WIC provides NAS with general management and administrative services such as legal, personnel, information systems, accounting, finance, risk management, actuarial, underwriting, claims, and other services. NAS reimburses WIC for the cost incurred in providing the services.

Branding Agreement: This agreement, effective January 1, 2012, is between NAS and SRL. Per the agreement, NAS is granted the non-exclusive, non-transferable, and non-sub-licensable right to use all registered and unregistered trademarks and other rights, including goodwill, in and to the Swiss Re brand worldwide.

Tax Allocation Agreement: This agreement, effective October 7, 2011, is between SRCSAH and its subsidiaries, including NAS. Per the agreement, NAS agrees to join in the filing of the consolidated federal income tax returns filed by SRCSAH. Each insurance subsidiary computes its federal income tax liability on a separate return basis, but in no event are payments made by an insurance subsidiary to exceed its tax liability on a separate return basis for the year. SRCSAH reimburses the subsidiary for the subsidiary’s loss or credit used in the consolidated return to reduce the consolidated tax liability.

Investment Management Agreement: This agreement, effective January 1, 2019, is between NAS and SRCSAH. Per the agreement, SRCSAH agrees to manage the investment portfolio of NAS, assist, and advise NASIC in the preparation of the financial statements as they relate to investments managed, valuations, purchases and sales, and income on a monthly basis. Other services include cash management, tax basis reporting, and performance monitoring. Investments are managed within the parameters established by NASIC. SRCSAH is reimbursed for costs incurred, to include salaries and related expenses, rent, rental or depreciation of equipment and employee benefits.

TERRITORY AND PLAN OF OPERATION

As the standard tier primary and reinsurance carrier, NAS offers bespoke insurance solutions to commercial clients in all 50 states. Bespoke insurance solutions are tailored products built around customer needs. NAS is currently offering and intends to continue to offer, the following:

- Surety;
- Ocean & inland marine;
- Professional liability (such as directors’ & officers’ primary & excess, technology, cyber-risk, & private company management primary & excess)

NAS plans on writing certain products formerly written by WIC, to include but not limited to the following:

- Marine;
- Professional liability & casualty (such as agents' & lawyers' professional liability insurance products);
- Earthquake & wind (parametric);
- Employer stop loss (group Accident & Health)

NAS is also targeting expansion into international programs and structured fronting arrangements. Through the Elevate commercial underwriting platform, NAS plans to extend its middle market reach as the carrier used for standard risk tier offerings for certain workers compensation, general liability, and property coverages. In October 2021 and continuing into 2022, new and renewal business on certain lines is transitioning from WIC to NAS.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company has ceded effectively 100% of its business under various reinsurance agreements from underwriting years 2015 and forward. As a result, net premiums written and net losses incurred were not significant for any year under examination.

REINSURANCE

General

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

(\$000s omitted)

Premium Type	2017	2018	2019	2020	2021
Direct Premiums Written	\$ 308,589	\$ 330,420	\$ 357,181	\$ 305,495	\$ 339,786
Reinsurance Assumed:					
Affiliates	-	-	-	-	-
Non-Affiliates	3,617	6,069	3,751	201	56
Reinsurance Ceded:					
Affiliates	289,989	314,609	350,006	304,450	333,612
Non-Affiliates	22,173	21,836	10,897	1,231	6,225
Net Premiums Written	\$ 44	\$ 44	\$ 29	\$ 15	\$ 5

Assumed Reinsurance

The Company did not assume significant business during the period under examination. Effective January 1, 2022, NAS assumes up to 100% quota share of new and renewal business written by FSIC, NAC, NAE, and WIIC.

Ceded Reinsurance

The Company has reinsurance agreements with affiliated and non-affiliated companies. Affiliated agreements are with SRAC, SRZ, Swiss Re Europe SA, and principally WIC.

Effective January 1, 2012, the Company entered into a multiple line non-obligatory quota share reinsurance agreement with WIC. Under the agreement, the Company ceded up to 100% of covered net liability. The agreement was terminated on a cutoff basis effective January 1, 2022.

Effective January 1, 2022, the Company entered into an accident year all lines aggregate stop loss, a property catastrophe excess of loss, and three multiple line non-obligatory quota share agreements with US and non-US affiliates. The agreements are designed to protect against large or unusual losses.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, KPMG LLP, in New York, New York, performed the Company's 2021 statutory audit. The CPA firm, PricewaterhouseCoopers LLP, in New York, New York, performed the statutory audit of the Company for the years 2017 through 2020. Reliance was placed upon the CPA workpapers as deemed appropriate. Such reliance included, but was not limited to, narrative descriptions of information technology processes and controls, internal control and substantive testing relating to claim and premium activities, and fraud risk analysis.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Christopher Ritter, ACAS, MAAA, for the year of 2021. Christopher Ritter is employed by WIC in Kansas City, Missouri. The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Giuseppe F. Le Pera, ACAS, MAAA, for the years 2017 through 2020. Giuseppe F. Le Pera was employed by WIC in Kansas City, Missouri.

Consulting Actuary

Pursuant to a contract with the Department, Kristine M. Fitzgerald, ACAS, MAAA, FCA of Actuarial & Technical Solutions, Inc., reviewed the underlying actuarial assumptions and methodologies used by NAS to determine the adequacy of loss reserves and LAE reserves. Kristine M. Fitzgerald determined that the Company made a reasonable provision for the loss and LAE reserves that were reported in the statutory financial statements, as of December 31, 2021.

Information Systems

The Department also engaged a third-party firm, Noble Consulting Services Inc. (Noble), to perform a review of the Group's information technology systems, policies, and procedures. Noble's work was completed under the supervision of Kimberly Dobbs, CFE, AES, CISA, Information Systems Examiner-in-Charge for the Department.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of NAS for the period ending December 31, 2021. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the “Comments on Financial Statement Items.” These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual key activity.

ASSETS

As of December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 690,900,133	\$ -	\$ 690,900,133
Common Stocks	318,679,074	-	318,679,074
Cash, Cash Equivalents, and Short-Term Investments	72,466,637	-	72,466,637
Receivables for Securities	420,025	-	420,025
Investment Income Due and Accrued	1,611,638	-	1,611,638
Uncollected Premiums and Agents' Balances in the Course of Collection	42,078,321	11,078,412	30,999,909
Deferred Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	7,805,701	94,583	7,711,118
Accrued Retrospective Premiums			
Reinsurance:			
Amounts Recoverable from Reinsurers	50,168,178	-	50,168,178
Net Deferred Tax Asset	2,584,356	231,150	2,371,206
Guaranty funds receivable or on deposit	64		64
Aggregate Write-Ins for Other-Than-Invested Assets	15,452,670	882,235	14,570,435
TOTAL ASSETS	\$ 1,202,166,796	\$ 12,268,380	1,189,898,416

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2021

Losses	\$ 14,024,761
Reinsurance Payable on Paid Losses and Loss Adjustment Expenses	131,616
Loss Adjustment Expenses	1,997,629
Other Expenses	30,149
Taxes, Licenses, and Fees	1,418,386
Current Federal and Foreign Income Taxes	1,353,352
Unearned Premiums	31
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	63,088,849
Funds Held by Company Under Reinsurance Treaties	5,676,002
Amounts Withheld or Retained by Company for Account of Others	16,688,472
Remittances and Items Not Allocated	41,279,683
Provision for Reinsurance	191,000
Payable to Parent, Subsidiaries, and Affiliates	10,267,482
Payable for securities	1,013
Aggregate Write-Ins for Liabilities	16,200,275
TOTAL LIABILITIES	\$ 172,348,700
Common Capital Stock	4,800,000
Gross Paid In and Contributed Surplus	811,381,698
Unassigned funds (surplus)	201,368,018
TOTAL CAPITAL AND SURPLUS	\$ 1,017,549,716
TOTAL LIABILITIES AND SURPLUS	\$ 1,189,898,416

STATEMENT OF INCOME
For the Year Ended December 31, 2021

Premiums Earned	\$ 4,662
DEDUCTIONS:	
Losses Incurred	(2,742,446)
Loss Adjustment Expenses Incurred	(372,765)
Other Underwriting Expenses Incurred	(552,927)
Aggregate Write-Ins for Underwriting Deductions	200,000
Total Underwriting Deductions	<u>\$ (3,468,138)</u>
Net Underwriting Gain (Loss)	\$ 3,472,800
Net Investment Income Earned	4,193,609
Net Realized Capital Gains	570,455
Net Investment Gain (Loss)	\$ 4,764,064
Net Gain (Loss) from Agents' or Premium Balances Charged Off	152,274
Aggregate Write-Ins for Miscellaneous Income	75,928
Dividends to Policyholders	1,891,367
Federal and Foreign Income Taxes Incurred	<u>1,084,605</u>
NET INCOME (LOSS)	<u>\$ 5,489,094</u>

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2017 to December 31, 2021

(\$000s omitted)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Capital and Surplus, Beginning of Year	\$ 313,640	\$ 321,437	\$ 334,251	\$ 323,300	\$ 332,516
Net Income (Loss)	6,788	5,658	36,756	6,735	5,489
Change in Net Unrealized Capital Gains (Losses)					
Less Capital Gains Tax	2,444	2,865	(21,134)	1,208	(11,715)
Change in Net Deferred Income Tax	(2,617)	(11)	(21)	(134)	(123)
Change in Nonadmitted Assets	2,040	(80)	(16)	554	318
Change in Provision for Reinsurance	(858)	4,382	(1,536)	853	1,040
Capital Changes:					
Paid In	-	-	-	-	690,024
Dividends to Stockholders	-	-	(25,000)	-	-
Net Change in Capital and Surplus	<u>7,797</u>	<u>12,814</u>	<u>(10,951)</u>	<u>9,216</u>	<u>685,033</u>
Capital and Surplus, End of Year	<u>\$ 321,437</u>	<u>\$ 334,251</u>	<u>\$ 323,300</u>	<u>\$ 332,516</u>	<u>\$ 1,017,550</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

In 2023, Swiss Re streamlined its organizational structure. The Reinsurance Business Unit was split into P&C Reinsurance and L&H Reinsurance, with each having full authority over the respective underwriting and claims management processes. Corporate Solution's organizational model is not changing. The Group Functions will also adapt to optimally align with the new setup. The reorganization will not change the way Swiss Re reports its financial results externally. The reorganization was effective April 3, 2023.

Effective February 21, 2022, NAS exited the Elevate commercial underwriting platform market.

Effective April 29, 2022, NAS changed its name to Swiss Re Corporate Solutions America Insurance Corporation (SRCSAIC).

Effective January 1, 2023, SRCSAIC created and licensed its Canadian branch.

The COVID-19 pandemic has continued to develop, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of NAS during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Laura Church – CFE, CPA, Kim Waller – CFE, Lisa Li – CFE, CPA, ARe, Emily Pennington – CFE, Adrienne Lewis, James Le – CFE, CPA, ARe, Josh Nash – CFE, CPA, Kimberly Dobbs - CFE, AES, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
)
County of Cole) ss

I, Marc Peterson, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of North American Specialty Insurance Company, its agents or other persons examined, or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Marc Peterson

Marc Peterson, CFE
Examiner-In-Charge
Missouri Department of Commerce and
Insurance

Sworn to and subscribed before me this 2nd day of June, 2023.

My commission expires: May 18, 2024 *Kimberly Landers*

Notary Public



KIMBERLY LANDERS
My Commission Expires
May 18, 2024
Callaway County
Commission #12558402

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



Sara McNeely, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance