

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 American Sentinel Insurance Company for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, 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.

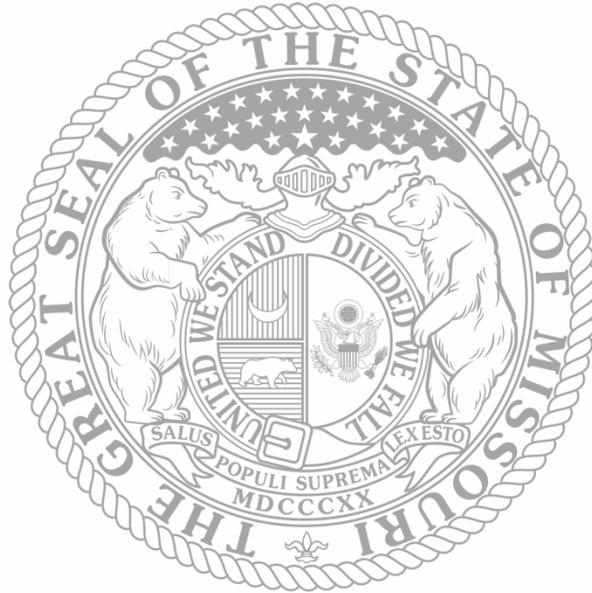
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of American Sentinel Insurance Company as of December 31, 2023, be and is hereby ADOPTED as filed and for American Sentinel Insurance Company to take the following action or actions, which I consider necessary 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 17th day of April, 2025.



A handwritten signature in blue ink that reads 'Angela L. Nelson'.

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

AMERICAN SENTINEL INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
January 28, 2025

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

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

American Sentinel Insurance Company (NAIC #17965)

hereinafter referred to as such, as ASIC, or as the Company. Its administrative office is located at 175 King St., Armonk, New York, 10504, telephone number 914-828-8000. The fieldwork for this examination began on August 12, 2024, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multi-state financial examination of American Sentinel Insurance Company. The last examination of the Company by the Pennsylvania Insurance Department covered the period of January 1, 2015, through December 31, 2018. The current examination covers the period of January 1, 2019, through December 31, 2023, 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. The examination also included a review and evaluation of information technology general controls.

This examination report includes significant findings of fact, as mentioned in section 374.205 of the Revised Statutes of Missouri (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

ASIC was incorporated on May 16, 1956, in Pennsylvania. The Company was licensed by the Pennsylvania Insurance Department on October 17, 1956, and commenced business the same date. As of the prior examination date, December 31, 2018, all shares of the Company's stock were owned by its parent, LD Investments LLC, a holding company organized and wholly owned by Patrick J. Kilkenny. Prior to 2018, the Company's direct parent was Aegis Security Insurance Company (Aegis).

Mergers, Acquisitions, and Major Corporate Events

On July 1, 2022, iptiQ Americas Inc. (iptiQ), an indirect subsidiary of Swiss Re Ltd. (SRZ) incorporated in the state of Delaware, acquired the outstanding common stock of the Company from Aegis. The Company was re-domiciled to Missouri effective December 15, 2022.

Dividends and Capital Contributions

The Company did not declare or pay any dividends during the examination period. ASIC received a capital contribution of \$1 million from LD Investments LLC in 2019 and a capital contribution of \$5 million from iptiQ in 2022.

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 appointed by the sole shareholder. The Company's bylaws specify that there shall be no less than nine members. The Board of Directors appointed and serving as of December 31, 2023, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Maria di Pilla Zurich, Switzerland	Chief Financial Officer iptiQ & RE Solutions
Niels Keuker Armonk, New York	Managing Director and President iptiQ Americas
Neil Sprackling Armonk, New York	President Life & Health Swiss Re America Holding Corporation
Marquette Wilson Armonk, New York	Senior Vice President, Head of US Human Resources Swiss Re
Julia Roper Schaumburg, Illinois	Retired, Former Chief Operating Officer iptiQ Americas
Stefanie Stratos Armonk, New York	Chief Risk Officer iptiQ & RE Solutions
Kathleen McGrath Windsor, Connecticut	Regional Chief Executive Officer Corporate Solutions North America
Robert Burr Zurich, Switzerland	Chief Executive Officer iptiQ
Jia Yi Tan London, United Kingdom	Chief Underwriting Officer iptiQ

Senior Officers

Officers are elected by the Board of Directors and serving, as of December 31, 2023, were as follows:

<u>Name</u>	<u>Office</u>
Niels Keuker	Managing Director & President
Elissa Kenny	Senior Vice President & Secretary
Kali Marino	Senior Vice President & Chief Financial Officer
Ryan Chamberlain	Senior Vice President & Chief Risk Officer
Kayla LaBonte	Senior Vice President & Chief Marketing Officer
Tomer Frey	Senior Vice President & Chief Technology Officer
John Loring	Senior Vice President & Chief Operating Officer
Jason Krasula	Senior Vice President & Chief Sales Officer

Principal Committees

The Bylaws state an Executive Committee may be designated, but it does not require the establishment of any committees. ASIC does not have any committees. The Company relies on the internal audit function of the holding company and the Group Audit Committee.

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed. The Articles of Incorporation were amended, and the Bylaws were amended and restated when ASIC re-domesticated to Missouri in 2021. The minutes of the Board and shareholders were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

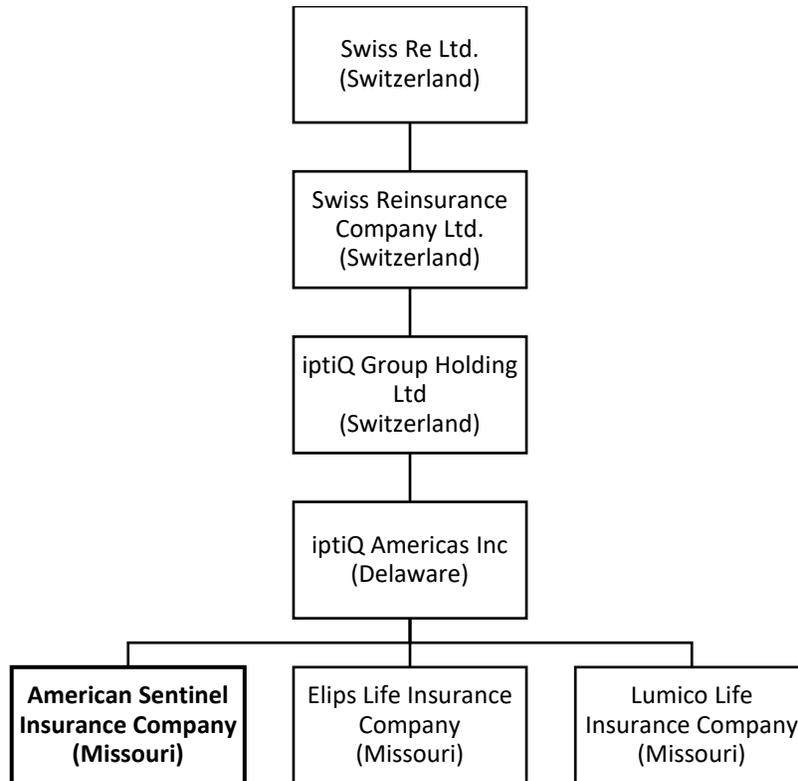
ASIC is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). ASIC is part of the iptiQ business unit of the Swiss Re Group. The ultimate controlling party of the Group is Swiss Re Ltd., a corporation based in Zurich, Switzerland. ASIC is not listed on the stock market, with all outstanding shares owned by iptiQ Americas Inc.

The Swiss Re 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 Swiss Re Group, providing risk transfer solutions to large and mid-size corporations around the world.
- **Division iptiQ:** iptiQ is a global Business-to-Business-to-Consumer digital insurance platform aimed at both digital and affinity distribution partners. In May 2024, Swiss Re announced plans to withdraw from iptiQ business.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2023.



Intercompany Transactions

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2023. A brief description of these agreements are as follows:

Service Agreement: This agreement, effective July 1, 2022, is between ASIC and iptiQ Americas. Per the agreement, iptiQ provides to ASIC general management and administrative services, including legal, compliance, regulatory, government relations, personnel, payroll, human resources, information systems, technology, tax, accounting, finance, risk management, actuarial, auditing, underwriting, claims, and other services.

Investment Management Agreement: This agreement, effective July 1, 2022, is between ASIC and iptiQ Americas. Per the agreement, iptiQ agrees to manage the investment portfolios of ASIC in preparation of financial statements as they relate to investment valuations, purchases, sales, and income.

Securities Lending Agreement: This agreement, effective February 3, 2023, is between ASIC and SRZ. Per the agreement, ASIC appoints SRZ as its agent to lend securities from its custodial safekeeping account to borrowers from time to time.

TERRITORY AND PLAN OF OPERATION

The Company's insurance business consists of a closed-block of commercial auto liability and accident and health policies that is 100% reinsurance by its former parent, Aegis. Administration of the business is handled by Aegis. ASIC is licensed to transact business in forty-nine states and the District of Columbia.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's premium writings and writing ratios for the period under examination:

(\$000s omitted)

Year	Net Premiums Written	Change in Net Premiums	Capital and Surplus	Ratio of Net Premiums to Surplus
2019	\$ 15,565	\$ 5,477	\$ 12,059	129.1%
2020	21,321	5,756	12,349	172.7%
2021	(1,009)	(22,330)	11,207	(9.0%)
2022	-	1,009	15,798	-
2023	-	-	16,659	-

The table below summarizes the Company's incurred losses and loss ratios for the period under examination:

(\$000s omitted)

Year	Net Premiums Earned	Net Losses and Loss Adjustment Expenses	Loss Ratio
2019	\$ 13,485	\$ 11,919	88.4%
2020	17,602	10,301	58.5%
2021	8,693	8,843	101.7%
2022	-	20	-
2023	-	-	-

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	2019	2020	2021	2022	2023
Direct Premiums Written	\$ 37,917	\$ 49,956	\$ (205)	\$ (64)	\$ 57
Reinsurance Assumed:	-	-	-	-	-
Reinsurance Ceded:					
Affiliates	115	89	804	(64)	-
Non-Affiliates	22,238	28,546	-	-	57
Net Premiums Written	\$ 15,565	\$ 21,321	\$ (1,009)	\$ -	\$ -

Assumed Reinsurance

The Company did not assume any premiums during the period under examination.

Ceded Reinsurance

Prior to acquisition by iptiQ, effective August 31, 2021, the Company entered into a 100% quota share agreement with the prior parent company, Aegis Security Insurance Company. The business covered are all policies entered into by ASIC before the effective date and renewals. The term of the reinsurance will continue as to each policy until the termination or expiration of the liability under each policy, including renewals.

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, located in New York, New York, is the Company's independent auditor. However, ASIC requested and was granted an exemption from filing audited financial reports in accordance with section 375.1028, RSMo (Applicability – exemptions).

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense reserves, and other actuarial items was issued by Sarah Krutov, FCAS, MAAA, for all years after the acquisition. Ms. Krutov is employed by Swiss Re America Holding Corporation located in Armonk, New York.

Information Systems

Kimberly Dobbs, CFE, AES, CISA, Information Systems Examiner-in-Charge for the Department conducted a review of the Company's information systems.

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 American Sentinel Insurance Company for the period ending December 31, 2023. 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 over 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, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 6,376,715	\$ -	\$ 6,376,715
Cash, Cash Equivalents, and Short- Term Investments	9,775,339	-	9,775,339
Investment Income Due and Accrued	62,197	-	62,197
Net Deferred Tax Asset	743,904	294,680	449,224
Aggregate Write-Ins for Other-Than- Invested Assets	2,259	2,259	-
TOTAL ASSETS	\$ 16,960,414	\$ 296,939	\$ 16,663,475

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Payable to Parent, Subsidiaries, and Affiliates	\$ 4,368
TOTAL LIABILITIES	\$ 4,368
Common Capital Stock	4,000,000
Gross Paid In and Contributed Surplus	9,509,000
Unassigned Funds (Surplus)	3,150,107
TOTAL CAPITAL AND SURPLUS	\$ 16,659,107
TOTAL LIABILITIES AND SURPLUS	\$ 16,663,475

STATEMENT OF INCOME
For the Year Ended December 31, 2023

Premiums Earned	\$ -
Other Underwriting Expenses Incurred	166,377
Net Underwriting Gain (Loss)	\$ (166,377)
Net Investment Income Earned	579,737
Net Realized Capital Gains	840
Net Investment Gain (Loss)	\$ 580,577
Federal and Foreign Income Taxes Incurred	(224)
NET INCOME (LOSS)	\$ 414,424

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2019, to December 31, 2023

(\$000s omitted)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital and Surplus, Beginning of Year	\$ 12,432	\$ 12,059	\$ 12,349	\$ 11,207	\$ 15,798
Net Income (Loss)	(1,970)	294	(789)	(282)	414
Change in Net Unrealized Capital Gains (Losses)					
Less Capital Gains Tax	264	(18)	19	-	-
Change in Net Deferred Income Tax	437	(43)	189	25	(85)
Change in Nonadmitted Assets	(104)	58	(561)	(152)	532
Surplus Adjustments: Paid In	1,000	-	-	5,000	-
Net Change in Capital and Surplus	\$ (373)	\$ 290	\$ (1,142)	\$ 4,590	\$ 861
Capital and Surplus, End of Year	\$ 12,059	\$ 12,349	\$ 11,207	\$ 15,798	\$ 16,659

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

On May 16, 2024, the Swiss Re Group announced that they were withdrawing from the iptiQ business and will be placing the iptiQ companies in runoff.

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