

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 24 2022

CERTIFICATION

FILED

June 24, 2022

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

COLUMBIA INSURANCE COMPANY

AS OF

DECEMBER 31, 2020

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.





DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

COLUMBIA INSURANCE COMPANY

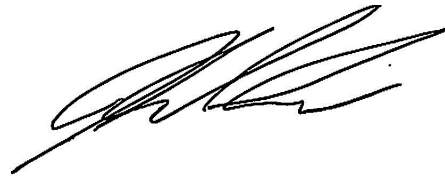
1314 DOUGLAS STREET, SUITE 1400

OMAHA, NEBRASKA 68102

dated as of December 31, 2020, verified under oath by the examiner-in-charge on
June 1, 2022, and received by the company on June 3, 2022, has been adopted
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 14th day of June 2022.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', written in a cursive style.

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

COLUMBIA INSURANCE COMPANY

as of

December 31, 2020



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Lincoln, Nebraska
May 25, 2022

Honorable Eric Dunning
Director of Insurance
Nebraska Department of Insurance
1526 K Street, Suite 200
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

COLUMBIA INSURANCE COMPANY
1314 Douglas Street, Suite 1400
Omaha, Nebraska 68102

(hereinafter also referred to as the “Company”), and the report of such examination is respectfully presented herein.

INTRODUCTION

The State of Nebraska last examined the Company as of December 31, 2016. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2020 and such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, California, Colorado, Connecticut, Iowa, and New York participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company’s following affiliates:

Berkshire Hathaway Direct Insurance Company (BHDIC)
Berkshire Hathaway Homestate Insurance Company (BHHIC)
Berkshire Hathaway Life Insurance Company of Nebraska (BHLN)
Berkshire Hathaway Specialty Insurance Company (BHSIC)

BHG Life Insurance Company (BHGL)
Brookwood Insurance Company (BIC)
Continental Divide Insurance Company (CDIC)
Cypress Insurance Company (Cypress)
First Berkshire Hathaway Life Insurance Company (FBHL)
National Fire & Marine Insurance Company (NFM)
National Indemnity Company (NICO)
National Indemnity Company of Mid-America (NIMA)
National Indemnity Company of the South (NISO)
National Liability & Fire Insurance Company (NLF)
Oak River Insurance Company (ORIC)
Redwood Fire and Casualty Insurance Company (RFC)

SCOPE OF EXAMINATION

The examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions when applicable to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Nebraska Department of Insurance as the coordinating state and the California Department of Insurance, Colorado Division of Insurance, State of Connecticut Insurance Department, Iowa Insurance Division, and New York Department of Financial Services. The companies examined under this approach benefit to a large degree from common management,

systems and processes, and internal control and risk management functions that are administered at the consolidated or business unit level.

The coordinated examination applies procedures sufficient to comprise a full scope financial examination of each of the companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the companies are domiciled. The objective is to enable each domestic state to report on their respective companies' financial condition and to summarize key results of examination procedures.

The Nebraska Department of Insurance made a general review of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholder, Board of Directors, and committees held during the examination period were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed. Certificates of Authority to conduct the business of insurance in the various states were inspected, and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report."

The Company's reinsurance facilities were ascertained and noted and have been commented upon in this report under the caption "Reinsurance." Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by Deloitte & Touche LLP, the Company's external auditors, during their audit of the Company's accounts for the year ended December 31, 2020. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF COMPANY

HISTORY

On January 27, 1970, the Company was organized under the laws of the State of Nebraska as a capital stock fire and casualty company and commenced business under the name Reinsurance Corporation of Nebraska. The Articles of Incorporation were amended in 1972 to change the Company's name to its current form.

Under provisions of its amended charter and in conformity with Nebraska Statutes, the Company is authorized to write all lines of insurance prescribed by Section §44-201 of the Nebraska Insurance Code except life, variable life, variable annuities, credit property, title, and mortgage guaranty.

MANAGEMENT AND CONTROL

Holding Company

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the “Ultimate Controlling Person,” Berkshire Hathaway Inc. (BHI), as reported in the 2020 Annual Statement, is attached to this report as an addendum.

Shareholder

Article IV of the Company’s Articles of Incorporation states that, “the Corporation has authority, not limited by any preemptive or other rights of its Shareholders, to issue an aggregate of sixty thousand (60,000) shares of non-assessable common capital stock of the par value of one hundred dollars (\$100) each and an aggregate of twenty thousand (20,000) shares of non-assessable preferred capital stock of the par value of one hundred dollars (\$100) each, subject to such conditions and other terms with respect to transfer thereof and other rights therein of its Shareholders as set out in its By-Laws at the time of its acquisition by them or as are adopted from time to time by its unanimous agreement.”

As of December 31, 2020, Company records indicated that 30,000 shares of common stock and 300.0577 shares of preferred stock were issued and outstanding. BH Columbia Inc. (BHC) owns the Company’s common shares totaling \$3,000,000 of paid-up capital. Preferred shares totaling \$30,006 are owned by BHGL for a total paid up capital of \$3,030,006.

Gross paid-in and contributed surplus remained the same during the years under review at \$8,568,798,300 as of December 31, 2020. The Company declared an ordinary dividend of \$2,500,000,000 on December 1, 2020 that was paid to BHC on December 17, 2020. The dividend was a combination of cash totaling \$451,111 and U.S. Treasury Bills with an estimated fair market value totaling \$2,499,548,889.

Section 2 of the Company's By-Laws states that, "the annual meeting of Shareholders of the Company shall be held each year at Omaha, Nebraska at a time and on a date set by the President of the Company, during the first five months of the calendar year."

Board of Directors

Section 3 of the Company's By-Laws provides that, "the affairs and business of the Corporation shall be managed by a Board of such number of Directors not less than five nor more than twenty-one as may be fixed by the Shareholders at each annual meeting or, if no number is so fixed, of five Directors, the majority of whom shall be residents of Nebraska, none of whom shall be required to be Shareholders or Officers, and each of whom shall be elected annually by the Shareholders at each annual meeting to serve for a term of office of one year or until a successor has been elected and qualified, may serve successive terms of office, and may be removed from office at any time for or without cause by a vote of not fewer than two-thirds in interest of the Shareholders."

The following persons were serving as Directors at December 31, 2020:

Name and Residence

Principal Occupation

Bruce John Byrnes
New City, New York

Vice President, National Indemnity Company

Marc David Hamburg
Omaha, Nebraska

Senior Vice President and Chief Financial Officer,
Berkshire Hathaway Inc.

<u>Name and Residence</u>	<u>Principal Occupation</u>
Ajit Jain Rye, New York	Executive Vice President, National Indemnity Company
Brian Gerard Snover Stamford, Connecticut	Senior Vice President, National Indemnity Company
Donald Frederick Wurster Omaha, Nebraska	President, National Indemnity Company

No fees or expenses were paid to the Directors during the period under review.

Officers

Section 4A of the Company’s By-Laws states that, “the Officers shall be a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer, and one or more Assistant Treasurers, none of whom shall be required to be Shareholders or Directors, and each of whom shall be elected annually by the Board of Directors at each annual meeting...” The exam team reviewed the minutes from the Board of Directors meetings and noted that an Assistant Treasurer was not being elected. It is recommended that the Company comply with its By-Laws and elect the required Officers. During the examination the Company began electing an Assistant Treasurer to address this issue.

The following is a listing of Officers elected and serving the Company at December 31, 2020:

<u>Name</u>	<u>Office</u>
Marc D. Hamburg	Chairman of the Board
Donald F. Wurster	President
Brian G. Snover	Secretary and Senior Vice President
Dale D. Geistkemper	Treasurer and Controller
Scott R. Doerr	Senior Vice President
Philip M. Wolf	Senior Vice President
Bruce J. Byrnes	Vice President
Ateet A. Dhru	Vice President
Tracy L. Gulden	Vice President

<u>Name</u>	<u>Office</u>
Rakesh K. Gupta	Vice President
Raj R. Mehta	Vice President
Nancy F. Peters	Vice President
Karen L. Rainwater	Vice President
Ty J. Reil	Vice President
Brad E. Rosen	Vice President
David J. Stanard	Vice President
Thomas L. Young	Vice President
Lori L. Cleary	Assistant Vice President
Daniel H. Little	Assistant Vice President
Timaree D. McKillip	Assistant Vice President
Rodney L. Rathbun	Assistant Vice President
Carol Albaugh-Manning	Assistant Secretary
John D. Arendt	Assistant Secretary
Connor B. Dillard	Assistant Secretary
Janelle K. Kay	Assistant Secretary
Susan M. Kreski	Assistant Secretary
Mark D. Millard	Assistant Secretary
Brennan S. Neville	Assistant Secretary
Adam M. Pevarnik	Assistant Secretary
Sarah E. Starkey	Assistant Secretary
Ari Walfish	Assistant Secretary
Zachary R. Royse	Assistant Controller
Shane W. Tomlinson	Assistant Controller

Committees

Section 3H of the Company’s By-Laws provides that, “the Board of Directors may designate an Executive Committee and one or more other committees from among the Directors...”

The following persons were serving on the Executive Committee at December 31, 2020:

Ajit Jain Donald Frederick Wurster

The following persons were serving on the Investment Committee at December 31, 2020:

Marc David Hamburg Donald Frederick Wurster

The following persons were serving on the Audit Committee at December 31, 2020:

Bruce John Byrnes Brian Gerard Snover

TRANSACTIONS WITH AFFILIATES

Intercompany Services Agreements

Effective December 1, 2001, the company entered into an agreement with BHLN, NICO, NFM, and Berkshire Hathaway Credit Corporation. Under the terms of the agreement, Berkshire Hathaway Credit Corporation performs various services for these affiliates including: consulting, and analytical and research services. The method of allocating expenses is set forth in the intercompany services agreement.

Effective February 1, 2004, NICO entered into an intercompany service agreement with Resolute Management Inc. (RMI). On September 26, 2007 and effective August 1, 2007, the Company was added to the agreement. Under the agreement, RMI provides certain administrative and special services for NICO and the Company.

Effective March 1, 2011, the Company entered into an intercompany services agreement with BHLN, NFM, NICO, NIMA, and NISO. Under the terms of the agreement, NICO performs various services for these affiliates, including: accounting, tax, internal and premium auditing, underwriting, claims, information technology, marketing, and support services. NICO also agrees to provide certain property, equipment, and facilities necessary in the conduct of the affiliates' operations, and also provides the personnel necessary for the affiliates to conduct their normal day-to-day operations. This relationship results in joint operating expenses that are subject to allocation. The method of allocating these expenses is set forth in the intercompany services agreement. The charge to the affiliates for the services and facilities includes all direct and directly allocable expenses, reasonably and equitably determined to be attributable to the affiliates by NICO. The apportionment of costs is based upon the allocation of salary for NICO employees on a quarterly basis.

Effective May 4, 2017, the Company, along with thirteen other Nebraska domiciled insurers, entered into an Intercompany Tax Services Agreement with Ringwalt & Liesche Co. (R&L). The Company receives certain tax advisory and completion services from R&L.

Effective October 10, 2017, the Company entered into a service agreement with NICO and General Reinsurance Corporation (Gen Re), whereby the Company receives certain internal audit services provided by either NICO or Gen Re.

Intercompany Investment Agreement

Effective December 18, 2015, the Company became a participant in an investment service agreement with BHI where BHI may perform various investment services for the Company.

Revolving Loan Agreements

Effective November 15, 2002, the Company and BHI entered into a revolving loan agreement. The agreement provides for a reciprocal revolving loan between the Company and BHI, up to a limit of \$2,000,000,000. As of December 31, 2020, there was an outstanding balance of \$1,250,000,000 due to the Company.

Effective May 16, 2006, the Company and The Medical Protective Company (MedPro) entered into a revolving loan agreement. Pursuant to the agreement, the Company agrees to lend funds to MedPro from time to time, up to a limit of \$50,000,000. The Company did not have an outstanding loan balance as of December 31, 2020.

Effective March 10, 2008, the Company and NICO entered into a revolving loan agreement. The amended agreement provides for a reciprocal revolving loan between the Company and NICO, up to a limit of \$2,000,000,000. The Company did not have an outstanding loan balance as of December 31, 2020.

Consolidated Federal Income Tax Allocation Agreement

The Company joins with a group of approximately eight hundred affiliated companies in the filing of a consolidated federal income tax return. The consolidated tax liability is allocated among the affiliates in the ratio that each affiliate's separate return tax liability bears to the sum of the separate return liabilities. A complementary method is used, which results in reimbursement by profitable affiliates to loss affiliates for tax benefits generated by loss affiliates.

A written agreement between the Company and BHI, effective April 15, 1996, describes the method of allocation and the manner in which intercompany balances are settled.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to write insurance in the following states at December 31, 2020:

Alaska	Arizona	California
Colorado	Delaware	Florida
Idaho	Illinois	Indiana
Iowa	Louisiana	Minnesota
Missouri	Montana	Nebraska
Nevada	New Mexico	North Dakota
Ohio	Oregon	South Carolina
South Dakota	Tennessee	Texas
Utah	Virginia	Washington
Wyoming		

The Company's authority is limited to reinsurance only in the following states and the District of Columbia:

Arkansas	Connecticut	Georgia
Hawaii	Kentucky	Maine
Massachusetts	Michigan	Mississippi
New Hampshire	New Jersey	North Carolina
Oklahoma	Pennsylvania	Rhode Island
Vermont	West Virginia	Wisconsin

The Company operates primarily as a reinsurer in assuming risks almost exclusively through NICO, and Gen Re and its affiliates.

REINSURANCE

Assumed - Affiliates

The Company assumes 100% of NICO and NFM liabilities arising from periodic payment settlements negotiated by them with its claimants and related parties. The Company also agrees to assume 100% of those liabilities NICO and/or NFM have assumed by agreeing to insure or reinsure periodic payment settlements of other casualty insurance companies or self-insureds. With respect to periodic payment settlements/structured settlements, the Company receives 100% of the premium on the retrocessions and agrees in advance on the premium charged for each case in which NICO and/or NFM enters into a periodic payment settlement. The Company pays NICO and/or NFM a 1% ceding commission plus all expenses incurred by them. The NICO agreement was effective July 1, 1982, and the NFM agreement April 1, 1993.

Effective July 1, 1999, NICO retroceded 50% of its property catastrophe business assumed from contracts incepting July 1, 1999 through December 31, 1999 to the Company. The same agreement also provides for a retrocession of 25% of NICO's assumed property catastrophe business from January 1, 2000 until cancellation of the agreement.

Effective January 1, 2005, the Company entered into two separate agreements with Gen Re. The first agreement was a 10% quota share of liability coverage. This contract covers all lines of insurance and reinsurance written by Gen Re. The second agreement was a loss portfolio arrangement whereby the Company assumed a 10% share of the liability coverage, which includes assumed retroactive reinsurance reserves. This agreement applies to the aggregate ultimate net loss with regards to all lines of insurance and reinsurance. The Company's

remaining aggregate limit on the loss portfolio assumption is \$1,141,600,000. Both the quota share and the loss portfolio agreements were amended to exclude liabilities and business written in the Gen Re Canadian Branch. NICO also assumed a share of the liability from these companies.

General

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. All contracts contained the clauses necessary to assure reinsurance credits could be taken.

BODY OF REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 531,840,285	\$ 532,103,040	\$ 541,733,692	\$ 541,429,113
Admitted assets	24,521,523,499	24,010,720,018	30,808,515,153	32,046,437,789
Losses	2,034,955,683	2,232,210,482	2,296,652,741	2,295,456,548
Total liabilities	4,866,655,562	4,788,666,302	5,711,782,036	6,137,653,678
Capital and surplus	19,654,867,936	19,222,053,716	25,096,733,117	25,908,784,111
Premiums earned	486,812,931	590,880,174	621,317,020	701,078,705
Net investment income	857,062,951	946,659,138	1,384,228,835	856,772,169
Losses incurred	677,071,675	517,997,618	452,268,817	489,768,011
Net income	462,788,781	899,374,051	1,528,566,442	1,583,496,643

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2020. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported

in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2020

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 541,429,113		\$ 541,429,113
Preferred stocks	1,612,166,500		1,612,166,500
Common stocks	26,662,035,970	\$ 855,244,156	25,806,791,814
Cash, cash equivalents and short-term investments	2,160,645,452		2,160,645,452
Derivatives	10,926,389		10,926,389
Other invested assets	16,987,702,724	15,347,905,261	1,639,797,463
Intangible properties	<u>1,822,677,797</u>	<u>1,822,677,797</u>	
Subtotal, cash and invested assets	\$49,797,583,945	\$18,025,827,214	\$31,771,756,731
Investment income due and accrued	120,549,623	2,337,735	118,211,888
Uncollected premiums	145,234,247	3,045	145,231,202
Deferred premiums	874,689	2,673	872,016
Amounts recoverable from reinsurers	2,689,837		2,689,837
Funds held by reinsured companies	5,678,925		5,678,925
Current federal and foreign income tax recoverable	698,937		698,937
Receivables from parent and affiliates	734,133		734,133
Other assets	578,120	14,000	564,120
State income tax recoverable	<u>5,120,889</u>	<u>5,120,889</u>	
Totals	<u>\$50,079,743,345</u>	<u>\$18,033,305,556</u>	<u>\$32,046,437,789</u>

Liabilities, Surplus, and Other Funds

Losses	\$ 2,295,456,548
Reinsurance payable	110,384,230
Loss adjustment expense	121,640,155
Commissions payable	722,275
Other expenses	1,923,685
Taxes, licenses and fees	112,896
Current federal and foreign income taxes	41,619,864
Net deferred tax liability	3,222,914,062
Unearned premiums	273,804,262
Ceded reinsurance premium payable	1,878,354
Funds held by company under reinsurance treaties	2,005,663
Amounts withheld or retained for account of others	377,740
Provision for reinsurance	7,615,000
Drafts outstanding	50,504
Payable to parent, subsidiaries and affiliates	5,147,412
Payable for securities	5,236,875
Retroactive reinsurance reserve – assumed	18,174,599
Deferred gain liability	<u>28,589,554</u>
Total liabilities	<u>\$ 6,137,653,678</u>
Common capital stock	\$ 3,000,000
Preferred capital stock	30,006
Gross paid in and contributed surplus	8,568,798,300
Surplus	<u>17,336,955,805</u>
Total capital and surplus	<u>\$25,908,784,111</u>
Totals	<u>\$32,046,437,789</u>

STATEMENT OF INCOME – 2020

Underwriting Income

Premiums earned	\$ 701,078,705
Losses incurred	\$ 489,768,011
Loss adjustment expenses incurred	34,831,012
Other underwriting expenses incurred	<u>151,769,132</u>
Total underwriting deductions	<u>\$ 676,368,155</u>
Net underwriting gain	<u>\$ 24,710,550</u>

Investment Income

Net investment income earned	\$ 856,772,169
Net realized capital gains	<u>907,941,370</u>
Net investment gain	<u>\$1,764,713,539</u>

Other Income

Net loss from agents' or premium balances charged off	\$ (423,147)
Finance and service charges not included in premiums	9,233
Miscellaneous expense	(812,804)
Other than temporary impairments on nonadmitted intangible properties	<u>(33,266,681)</u>
Total other income	<u>\$ (34,493,399)</u>
Net income before federal and foreign income taxes	\$1,754,930,690
Federal and foreign income taxes incurred	<u>171,434,047</u>
Net income	<u>\$1,583,496,643</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital and surplus, beginning	\$15,488,079,139	\$19,654,867,938	\$19,222,053,716	\$25,096,733,117
Net income	\$ 462,788,781	\$ 899,374,051	\$ 1,528,566,442	\$ 1,583,496,643
Change in net unrealized capital gains	5,513,916,761	(2,012,075,167)	7,041,886,156	1,129,117,528
Change in net unrealized foreign exchange capital gain (loss)	64,697,022	(19,128,019)	(6,395,903)	28,645,196
Change in net deferred income tax	239,067,118	(20,503,117)	(9,608,637)	6,695,800
Change in nonadmitted assets	(2,118,320,540)	711,845,851	(2,678,701,657)	558,434,827
Change in provision for reinsurance	4,639,657	2,797,363	(1,067,000)	5,661,000
Dividends to stockholders				(2,500,000,000)
Change in deferred gain liability	_____	4,874,816	_____	_____
Net change for the year	<u>\$ 4,166,788,799</u>	<u>\$ (432,814,222)</u>	<u>\$ 5,874,679,401</u>	<u>\$ 812,050,994</u>
Capital and surplus, ending	<u>\$19,654,867,938</u>	<u>\$19,222,053,716</u>	<u>\$25,096,733,117</u>	<u>\$25,908,784,111</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$17,336,955,805, as reported in the Company's 2020 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

No recommendations were made as a result of the previous examination.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

Intercompany Transactions

The exam team noted that New England Asset Management (NEAM) provides investment services to BHI pursuant to an investment services agreement effective October 1, 2013. BHI, in turn, provides investment services to the Company pursuant to the December 18, 2015 agreement. The Company does not have an agreement with NEAM but receives bills and settles directly with the service provider.

SSAP No. 25(8) states, “transactions between related parties must be in the form of a written agreement. The written agreement must provide for the timely settlement of amounts owed, with a specified due date.” The settlement transactions occurring between the Company and NEAM are not subject to an agreement. In addition, Nebraska Insurance Statute §44-2133(2)(d) states that service contract transactions involving a domestic insurer and any person in its insurance holding company system may not be entered into unless the insurer has notified the Director in writing of its intention to enter into such transaction.

During the examination, the Company responded that NEAM will bill BHI subject to the 2013 investment services agreement. Then, BHI will bill the Company for the services provided by NEAM.

It is recommended that the Company proceed with its plan to adjust the settlement process in order to be compliant with the existing investment services agreement or enter into an investment services agreement directly with NEAM that includes settlement provisions in order to be compliant with SSAP No. 25(8) and Nebraska Insurance Statute §44-2133(2)(d).

Schedule P Reconciliations

The Annual Statement Instructions for the Actuarial Opinion require that the Actuarial Report must include an exhibit that reconciles and maps the data used by the Appointed Actuary, consistent with the segmentation of exposure or liability groupings used in the Appointed Actuary’s analysis, to the Annual Statement Schedule P line of business reporting. An explanation should be provided for material differences.

The exam team did not receive legal entity Schedule P reconciliations consistent with the Annual Statement Instructions.

It is recommended that the Company comply with the Annual Statement Instructions regarding the Actuarial Opinion, specifically the illustration of Schedule P reconciliations as noted in paragraph 7C.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Required Officers – It is recommended that the Company comply with its By-Laws and elect the required Officers. During the examination the Company began electing an Assistant Treasurer to address this issue.

Intercompany Transactions - It is recommended that the Company proceed with its plan to adjust the settlement process in order to be compliant with the existing investment services agreement or enter into an investment services agreement directly with NEAM that includes settlement provisions in order to be compliant with SSAP No. 25(8) and Nebraska Insurance Statute §44-2133(2)(d).

Schedule P Reconciliations - It is recommended that the Company comply with the Annual Statement Instructions regarding the Actuarial Opinion, specifically the illustration of Schedule P reconciliations as noted in paragraph 7C.

ACKNOWLEDGMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Brian Davis, CFE, Santosh Ghimire, CFE, Joe Jacobson, CFE, Skyler Lawyer, CFE, and Michael Sullivan, CFE, Financial Examiners; Gary Evans, CFE, CISA, Information Systems Specialist; and Gordon Hay, FCAS, MAAA; all with the Nebraska Department of Insurance and Financial Examiners, Information Systems Specialists, and Actuarial Examiners with or contracted by the California Department of Insurance, Colorado Division of Insurance, State of Connecticut Insurance Department, Iowa Insurance Division, and New York Department of Financial Services; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



Isaak Russell, CFE
Supervisory Examiner
Department of Insurance
State of Nebraska

ADDENDUM

ORGANIZATIONAL CHART

Note: The following chart includes all affiliates related to insurance operations. Affiliates of selected non-insurance operations have been omitted. The omissions are replaced with the phrase “and owned affiliate(s).”

Berkshire Hathaway Inc. (31.84654% owned by Warren E. Buffett)

Acme Building Brands, Inc. and owned affiliates

Affordable Housing Partners, Inc. and owned affiliates

Albecca Inc. and owned affiliates

Ben Bridge Corporation and owned affiliate

Benjamin Moore & Co. and owned affiliates

Berkshire Hathaway Automotive Inc. and owned affiliates

Berkshire Hathaway Credit Corporation and owned affiliates

Berkshire Hathaway Energy Company and owned affiliates

Berkshire Hathaway Finance Corporation

BH Columbia Inc.

Columbia Insurance Company

American All Risk Insurance Services, Inc.

American Commercial Claims Administrators Inc.

Berkadia Commercial Mortgage Holding LLC and owned affiliate

Berkadia Commercial Mortgage Partners LLC

Berkshire Hathaway Assurance Corporation

Berkshire Hathaway Direct Insurance Company

BH Finance LLC

BHG Structured Settlements, Inc. and owned affiliates

BIFCO, LLC

British Insurance Company of Cayman

Farnam Management Services, LLC

Hawthorn Life International, Ltd. and owned affiliate

MedPro Group Inc.

AttPro RRG Reciprocal Risk Retention Group

Medical Protective Finance Corporation

MedPro Risk Retention Services, Inc.

MedPro RRG Risk Retention Group

PLICO, Inc.

Princeton Insurance Company

The Medical Protective Company

C&R Insurance Services, LLC

C&R Legal Insurance Agency, LLC

MedPro Insurance Services, LLC

Somerset Services, LLC

Wellfleet Benefits, LLC

Wellfleet Group, LLC

Wellfleet Insurance Company
Wellfleet New York Insurance Company
Nederlandse Reassurantie Groep N.V. and owned affiliates
NetJets IP, LLC
Resolute Management Inc.
Ringwalt & Liesche Co. and owned affiliates
The Duracell Company and owned affiliates
BH Holding H Jewelry Inc. and owned affiliate
BH Holding S Furniture Inc.
BH Housing LLC
BH Shoe Holdings, Inc. and owned affiliates
BHSF, Inc. and owned affiliates
Blue Chip Stamps, Inc.
Borsheim Jewelry Company, Inc.
Brooks Sports, Inc. and owned affiliates
Business Wire, Inc. and owned affiliates
Central States of Omaha Companies, Inc.
 Central States Indemnity Co. of Omaha
 CSI Life Insurance Company
 CSI Processing, LLC
Charter Brokerage Holdings Corp. and owned affiliates
Clayton Homes, Inc. and owned affiliates
CORT Business Services Corporation and owned affiliates
CTB International Corp. and owned affiliates
Detlev Louis Motorrad-Vertriebsgesellschaft GmbH and owned affiliates
Forest River, Inc. and owned affiliates
Fruit of the Loom, Inc. and owned affiliates
Gateway Underwriters Agency, Inc.
General Re Corporation
 Faraday Holdings Limited and owned affiliates
 Gen Re Intermediaries Corporation
 Gen Re Long Ridge, LLC
 General Reinsurance Corporation
 Elm Street Corporation
 Gen Re Japan Service Company Limited
 General Re Compania de Reaseguros, S.A.
 General Re Life Corporation
 Idealife Insurance Company
 General Reinsurance AG and owned affiliates
 General Reinsurance Australia Ltd
 General Star Indemnity Company
 General Star Management Company
 General Star National Insurance Company
 Genesis Insurance Company
 Genesis Management and Insurance Services Corporation
 GRC Realty Corporation

Railsplitter Holdings Corporation
 New England Asset Management, Inc. and owned affiliate
 GRD Holdings Corporation and owned affiliate
 United States Aviation Underwriters, Inc. and owned affiliate
 International Dairy Queen, Inc. and owned affiliates
 Johns Manville Corporation and owned affiliates
 Jordan's Furniture, Inc.
 LiquidPower Specialty Products Inc. and owned affiliates
 Marmon Holdings, Inc. and owned affiliates
 McLane Company, Inc. and owned affiliates
 MiTek Industries, Inc. and owned affiliates
 MS Property Company and owned affiliate
 National Fire & Marine Insurance Company
 National Indemnity Company
 Affiliated Agency Operations Co. and owned affiliate
 AHP Housing Fund 184, LLC
 AHP Housing Fund 208, LLC
 AHP Housing Fund 219, LLC
 AHP Housing Fund 220, LLC and owned affiliate
 AHP Housing Fund 223, LLC
 AHP Housing Fund 245, LLC
 AHP Housing Fund 253, LLC
 AHP Housing Fund 254, LLC
 AHP Housing Fund 261, LLC
 BDT I-A Plum, LLC
 Berkshire Hathaway Homestate Insurance Company
 Berkshire Hathaway International Insurance Limited and owned affiliate
 Berkshire Hathaway Life Insurance Company of Nebraska
 BHA Real Estate Holdings, LLC
 BHG Life Insurance Company
 Financial Credit Investment III (Cayman), L.P.
 Financial Credit Investment III SPV-B (Cayman), L.P.
 First Berkshire Hathaway Life Insurance Company
 FlightSafety International Inc. and owned affiliates
 Garan, Incorporated and owned affiliates
 Berkshire Hathaway Specialty Insurance Company
 Berkshire Hathaway Global Insurance Services, LLC
 Berkshire Hathaway Specialty Services Limited
 British Aviation Insurance Company Limited
 Brookwood Insurance Company
 Burlington Northern Santa Fe, LLC and owned affiliates
 Continental Divide Insurance Company
 Cypress Insurance Company
 Douglas Building, LLC
 Finial Holdings, Inc.
 Finial Reinsurance Company

GEICO Corporation
Boat America Corporation
Boat Owners Association of the United States
Boat/U.S., Inc.
GEICO Marine Insurance Company
GEICO Advantage Insurance Company
GEICO Choice Insurance Company
GEICO County Mutual Insurance Company
GEICO Financial Services, Gmbh
GEICO Indemnity Company
Criterion Insurance Agency
GEICO Casualty Company
GEICO Products, Inc.
GEICO Secure Insurance Company
Government Employees Insurance Company
AHP Federal and State Affordable 1, LLC and owned affiliates
AHP State Affordable 1, LLC and owned affiliates
GEICO General Insurance Company
GEICO Insurance Agency, Inc.
Government Employees Financial Corporation
PIS QOZ Fund 2018-A, LP
Plaza Financial Services Company
International Insurance Underwriters, Inc.
Maryland Ventures, Inc.
Plaza Resources Company
Top Five Club, Inc.
MLMIC Insurance Company
M2 Liability Solutions, Inc.
MLMIC Services, Inc.
National Indemnity Company of Mid-America
National Indemnity Company of the South
Oak River Insurance Company
Redwood Fire and Casualty Insurance Company
SLI Holding Limited and owned affiliates
Tenecom Limited and owned affiliate
Transfercom Limited
VT Insurance Acquisition Sub Inc.
Van Enterprises, Inc.
MPP Co., Inc.
Old United Casualty Company
Old United Life Insurance Company
Vantage Reinsurance, LLC
WestGUARD Insurance Company
AmGUARD Insurance Company
AZGUARD Insurance Company
EastGUARD Insurance Company

GUARDco, Inc.
NorGUARD Insurance Company
National Liability & Fire Insurance Company
Nebraska Furniture Mart, Inc. and owned affiliates
NetJets Inc. and owned affiliates
Northern States Agency, Inc. and owned affiliates
OTC Worldwide Holdings, Inc. and owned affiliates
Precision Castparts Corp. and owned affiliates
Precision Steel Warehouse, Inc. and owned affiliate
R.C. Willey Home Furnishings
Richline Group, Inc. and owned affiliates
See's Candy Shops, Inc. and owned affiliate
Shaw Industries Group, Inc. and owned affiliates
The Fechheimer Brothers Company and owned affiliate
The Lubrizol Corporation and owned affiliates
The Pampered Chef, Ltd. and owned affiliates
TTI, Inc. and owned affiliates
U.S. Investment Corporation
 United States Liability Insurance Company
 Mount Vernon Fire Insurance Company
 U.S. Underwriters Insurance Company
 Mount Vernon Specialty Insurance Company
 Radnor Specialty Insurance Company
XTRA Corporation and owned affiliates

State of Nebraska,

County of Lancaster,

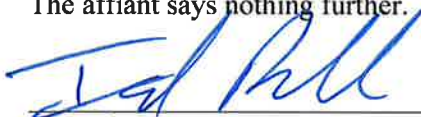
Isaak Russell being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of the following insurance companies (hereinafter referred to as the "NICO Group"):
 - Berkshire Hathaway Direct Insurance Company
 - Berkshire Hathaway Life Insurance Company of Nebraska
 - Berkshire Hathaway Specialty Insurance Company
 - BHG Life Insurance Company
 - Columbia Insurance Company
 - National Fire & Marine Insurance Company
 - National Indemnity Company

2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of the NICO Group was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

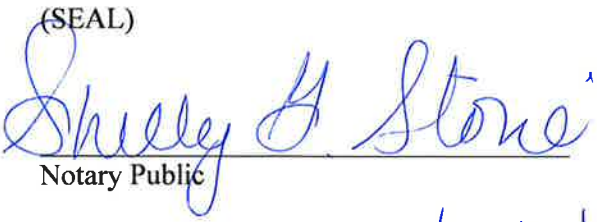
The affiant says nothing further.



Supervisory Examiner's Signature

Subscribed and sworn before me by ISAIAK RUSSELL on this 1st day of June, 2022.



(SEAL)


Notary Public

My commission expires 1/16/24 [date].