

JUN 24 2022

FILED

# CERTIFICATION

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

**NATIONAL INDEMNITY 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

**NATIONAL INDEMNITY 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 14<sup>th</sup> day of June 2022.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', is written over a horizontal line.

Justin C. Schrader, CFE  
Chief Financial Examiner

**STATE OF NEBRASKA**

**Department of Insurance**

**EXAMINATION REPORT**

**OF**

**NATIONAL INDEMNITY 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:

NATIONAL INDEMNITY 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)  
Columbia Insurance Company (CIC)  
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 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**

The Company was organized under the laws of the State of Nebraska as a capital stock fire and casualty insurance company on April 26, 1940 and commenced business on May 1, 1940. Stock control changed from founder Jack Ringwalt to Berkshire Hathaway Inc. (BHI) in March 1967.



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

## **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”, 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 state that, “the Corporation has authority not limited to any preemptive or other rights of its Shareholders to issue an aggregate of seven hundred fifty thousand (750,000) shares of non-assessable common capital stock of the par value of ten dollars (\$10.00) each subject to such conditions and other terms with respect to transfer thereof and other rights therein of its Shareholders as are set out in its By-Laws at the time of its acquisition by them or as are adopted from time to time by their unanimous agreement.”

As of December 31, 2020, Company records indicated that 550,000 shares were issued and outstanding and that all were owned by BHI, for a total paid up capital of \$5,500,000.

There were no changes made to common capital stock during the years under review. Gross paid in and contributed surplus decreased \$663,087,905 during the years under review to \$19,236,158,303, as of December 31, 2020. The Company paid cash dividends during the

examination period totaling \$3,800,000,000 in 2017; \$6,225,000,000 in 2018; \$11,025,000,000 in 2019; and \$15,700,000,000 in 2020.

Per Section 2A of the By-Laws, “the annual meeting of Shareholders of the Corporation shall be held each year at a location, at a time and on a date set by the President of the Corporation, during the first five months of the calendar year.”

### **Board of Directors**

Section 3A 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 (5) nor more than twenty-one (21) 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...”

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

<b><u>Name and Residence</u></b>	<b><u>Principal Occupation</u></b>
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.
Ajit Jain Rye, New York	Executive Vice President, National Indemnity Company
Daniel Jerome Jaksich Papillion, Nebraska	Vice President and Controller, Berkshire Hathaway Inc.
Brian Gerard Snover Stamford, Connecticut	Senior Vice President, National Indemnity Company
Philip Michael Wolf Omaha, Nebraska	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..." 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 exam, the Company began electing Assistant Treasurers to address this issue.

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

<b><u>Name</u></b>	<b><u>Office</u></b>
Marc D. Hamburg	Chairman of the Board
Donald F. Wurster	President
Brian G. Snover	Senior Vice President and Secretary
Dale D. Geistkemper	Treasurer and Controller
Ajit Jain	Executive Vice President
Scott R. Doerr	Senior Vice President
Philip M. Wolf	Senior Vice President
John D. Arendt	Vice President and Assistant Secretary
Bruce J. Byrnes	Vice President and Assistant Secretary
Ahteet A. Dhru	Vice President
David N. Fields	Vice President
Joseph G. Gasaccio	Vice President
Tracy L. Gulden	Vice President
Michael J. Lawler	Vice President
Kevin D. Lewis	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
Peter M. Shelley	Vice President
David J. Stanard	Vice President
Ralph Tortorella III	Vice President
Thomas L. Young	Vice President

<u>Name</u>	<u>Office</u>
Lori L. Cleary	Assistant Vice President
Jason D. “Pete” Eichhorst	Assistant Vice President
Dennis J. Halloran	Assistant Vice President
Joei L. Harris	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
Chris Denkinger	Assistant Secretary
Connor B. Dillard	Assistant Secretary
Raymond R. Driessen	Assistant Secretary
Frances E. Gray	Assistant Secretary and Controller
Melissa G. Hough	Assistant Secretary
Janelle K. Kay	Assistant Secretary
Susan M. Kreski	Assistant Secretary
Mark D. Millard	Assistant Secretary
Brennan S. Neville	Assistant Secretary
Carmel M. O’Sullivan	Assistant Secretary
Adam M. Pevarnik	Assistant Secretary
Sarah E. Starkey	Assistant Secretary
Ari Walfish	Assistant Secretary
Zachary R. Royse	Assistant Controller
Shane M. Tomlinson	Assistant Controller

### Committees

Section 3H of the Company’s By-Laws states that, “the Board of Directors may designate an Executive Committee, an Investment Committee and one or more other committees from among the Directors; and the Executive Committee, and such other committees as are designated shall have such powers and rights and be charged with such duties and obligations respectively as usually are vested in and pertain to such committees or as may be directed from time to time by the Board of 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                      Daniel Jerome Jaksich

## **TRANSACTIONS WITH AFFILIATES**

### **Intercompany Services Agreements**

The Company has various older intercompany service agreements with other affiliates. Billings for services under these agreements is substantially lower than the amount billed under the agreements noted below. The wording and structure of these various agreements is very similar whether the Company is providing or receiving administrative and special services with the affiliate.

Effective August 31, 2009, the Company entered into an Intercompany Service Agreement with BHHIC, whereby the Company and certain of its affiliates receive certain administrative and special services from BHHIC. Additionally, data processing equipment, business property, and communications are provided by BHHIC to the Company. In exchange, the Company agreed to reimburse BHHIC for direct and directly allocable expenses. BHHIC is responsible for maintaining full and accurate accounting records of all services rendered and facilities used pursuant to the agreement.

Effective March 1, 2011, the Company entered into an intercompany services agreement with BHLN, CIC, NFM, NIMA, and NISO. Under the terms of the agreement, the Company performs various services for these affiliates, including: accounting, tax, internal and premium auditing, underwriting, claims, information technology, marketing, and support services. The Company 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 the Company. The apportionment of costs is based upon the allocation of salary for the Company's employees on a quarterly basis.

On February 6, 2017, the Company, along with NFM and NLF, entered into an agreement with General Reinsurance Corporation (Gen Re), whereby Gen Re performs claims and underwriting advisory services for the Company in the conduct of its U.S. facultative reinsurance business. The Company agrees to compensate Gen Re 9% of the gross premium earned on the business serviced by Gen Re during each subject calendar year.

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 multiple affiliates and Gen Re, whereby the Company and Gen Re provide various internal audit services.

On December 21, 2018, the Company and its affiliate, GRF Services Limited (GRF), entered into an agreement whereby GRF provides certain underwriting, consulting, and administrative services to the Company in connection with its insurance and reinsurance operations.

Effective January 1, 2019, the Company entered into an agreement with the Australian branch of Berkshire Hathaway Specialty Insurance Company (BHSIC-AU). The Company

receives certain claims administrative services in connection with a reinsurance transaction between the Company and the Motor Accident Commission of the State of South Australia.

On July 1, 2020, the Company, along with NFM, entered into an intercompany service agreement with Resolute Management Services Limited (RMSL), effective April 3, 2020. RMSL provides certain underwriting advisory and claims services to the Company and NFM in connection with its U.S. surplus lines business and global reinsurance business.

### **Intercompany Investment Agreements**

Effective December 1, 2015, the Company became a participant in an Investment Service Agreement with BHI where BHI may perform various investment services for the Company.

The Company is also a participant in various intercompany investment agreements with affiliates and subsidiaries. The Company is deemed the “manager” in all of these agreements and renders investment management services to the affiliates. The manager has extensive experience in the management of investment portfolios and strives to achieve certain operating economies and improve services to benefit all parties in the agreement. The terms, wording, and structure of these agreements follow the same format. It was noted that the amount billed by the Company for a few of the investment agreements are combined with the amount billed under the Intercompany Service Agreement, mentioned above. The intercompany investment agreements where the Company is the manager are listed below:

<b><u>Affiliated Party</u></b>	<b><u>Effective Date</u></b>
Atlanta International Insurance Company	09/01/2009
BA(GI) Limited	03/18/2014
Berkshire Hathaway Assurance Corporation	12/31/2007
Berkshire Hathaway Direct Insurance Company	11/01/2008
Berkshire Hathaway International Insurance Limited	04/01/2004
Berkshire Hathaway Reinsurance (Ireland) Designate Activity Co.	11/01/2011
Berkshire Hathaway Specialty Insurance Company	04/08/2010
Brilliant National Services, Inc.	01/01/2008
British Insurance Company of Cayman	11/01/2008

<b><u>Affiliated Party</u></b>	<b><u>Effective Date</u></b>
British Insurance Company of Cayman (Canadian Branch)	05/08/2014
Commercial Casualty Insurance Company	11/01/2008
Finial Holdings Inc.	01/31/2007
Finial Reinsurance Company	01/31/2007
First Berkshire Hathaway Life Insurance Company	12/01/2002
Hawthorn Life Designated Activity Company	12/12/2013
National Liability & Fire Insurance Company (Canadian Branch)	01/01/2020
Nederlandse Reassurantie Groep N.V.	06/13/2008
NRG Victory Reinsurance Limited	12/15/2014
Resolute Reinsurance Company	01/01/1998
The Scottish Lion Insurance Company Limited	06/21/2010
Tenecom Limited	04/14/2006
Transfercom Limited	07/14/2007
United States Liability Insurance Company, Mount Vernon Fire Insurance Company, Mount Vernon Specialty Insurance Company, and U.S. Underwriters Insurance Company	01/01/2007

### **Revolving Loan Agreements**

The Company has a number of revolving loan agreements with affiliates that total \$9,255,855,720, as of December 31, 2020. Under the terms of these agreements, the Company may loan the affiliate up to the limit amounts listed below, with repayment of the loan and all accrued interest by the maturity date. Each revolving loan shall bear interest for each interest period at a rate per annum equal to the 30-day LIBOR rate plus a defined number of basis points.

<b><u>Affiliated Party</u></b>	<b><u>12-31-20 Balance</u></b>	<b><u>Revolving Loan Limit</u></b>	<b><u>Effective Date</u></b>
Berkshire Hathaway Inc.	\$9,207,688,340	\$14,000,000,000	12/01/2001
Berkshire Hathaway Homestate Insurance Company	0	100,000,000	07/01/2013
Berkshire Hathaway Life Insurance Company of Nebraska	0	750,000,000	11/29/2019
Columbia Insurance Company	0	2,000,000,000	03/10/2008
National Fire & Marine Insurance Company	0	600,000,000	08/01/2002
Northern States Agency, Inc.	48,167,380	150,000,000	03/12/2003



### **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 transact the business of insurance in all states and the District of Columbia. Such authority is limited to reinsurance only in Massachusetts, New Jersey, and New York.

Primary business, commercial automobile, general liability, and commercial multi-peril, is produced through affiliated and unaffiliated general agents currently under contract with the Company, and through some independent brokers. Underwriting for commercial automobile and general liability is performed at the home office in Omaha, Nebraska.

In addition, various corporate products, excess of loss, and professional liability capacity including terrorism, aircraft, directors' and officers' liability, and errors and omissions coverages, are offered. The primary underwriting and claims activities for this business are conducted through the Company's reinsurance division located in Stamford, Connecticut.

The Company continues to write aviation risks in accordance with a pool members' agreement between Global Aerospace Underwriting Managers Limited, Global Aerospace, Inc., and the Company. The territory includes all jurisdictions in which the Company has been granted

a license to write aviation risks. This business is written through Global Aerospace Underwriting Managers Limited and Global Aerospace, Inc., who are acting as agents for this business.

Reinsurance assumed is the primary source of premium volume, including quota share assumptions from affiliates, "super-cat" covers, catastrophe excess property risks, and various other facultative and quota share treaties with other insurance companies, syndicates, and pools. These assumptions are negotiated through the Company's reinsurance division located in Stamford, Connecticut. The Company also assumes large retroactive reinsurance reserves from affiliated and unaffiliated insurers.

## **REINSURANCE**

### **Assumed – Affiliates**

The Company has numerous quota share and excess of loss arrangements with its affiliates that are structured on both facultative and automatic terms. Affiliated reinsurance arrangements are negotiated and administered through the Company's Omaha corporate accounting office. Assumed affiliated reinsurance activities compromised 84% of the total assumed premiums in 2020, as well as 76% of total assumed reserves, as of December 31, 2020. The more significant arrangements are described below.

Effective December 31, 2005, the Company entered into two reinsurance agreements with The Medical Protective Company. (MedPro). Under the first agreement, the Company assumed 25% of MedPro's then outstanding net loss and loss adjustment expenses. Under the second agreement, the Company assumed a continuous 25% quota share subject to an aggregate assumed limit for each calendar year equal to three times the earned premium ceded to the Company for that calendar accident year. Effective January 1, 2014, CIC, an affiliate, novated its MedPro quota share and loss portfolio reinsurance to the Company. Similar to the Company's

agreements, CIC had assumed a 25% quota share of the December 31, 2005 outstanding loss and loss adjustment expenses, and a 25% quota share of all premiums written thereafter. Subsequent to the MedPro novation, the Company amended its agreements with MedPro effective January 1, 2014, from the 50% share (the Company's original 25% share plus CIC's novated 25% share) to a 75% share for both agreements.

Effective December 31, 2012, the Company entered into a loss portfolio agreement with its affiliates; AmGUARD Insurance Company, EastGUARD Insurance Company, NorGUARD Insurance Company, and WestGUARD Insurance Company, collectively referred to as "GUARD." Under the agreement, the Company assumed 50% of GUARD's aggregate unpaid ultimate net loss and loss adjustment expense under all lines of insurance and reinsurance up to an aggregate limit of approximately \$781 million. Also, effective January 1, 2013, the Company entered into a Quota Share Agreement of Reinsurance with GUARD, effective January 1, 2013 whereby the Company assumed 50% of GUARD's December 31, 2012 net unearned premium less associated underwriting expenses, and assumes a continuing 50% quota share of GUARD's net written premium thereafter subject to an aggregate limit of losses and loss adjustment expenses for any single calendar accident year equal to three times ceded earned premium from GUARD to the Company for that calendar accident year. Effective January 1, 2019, the Company amended its Quota Share agreement to include AzGUARD Insurance Company.

Effective January 1, 2014, the Company entered into two separate agreements individually with its affiliates GEICO Casualty Company, GEICO Indemnity Company, Government Employees Insurance Company, GEICO Advantage Insurance Company, GEICO Secure Insurance Company, and GEICO Choice Insurance Company (collectively referred to as "GEICO Group"). Under the first agreement, the Company assumed 50% of the total outstanding

loss and loss adjustment expense reserves of GEICO Group, as of December 31, 2013. Under the second agreement, the Company assumes 50% of unearned premium reserves of GEICO Group as of January 1, 2014, and assumes a continuous 50% quota share of all premiums written thereafter subject to a commission allowance equal to the proportional actual underwriting expenses incurred by GEICO Group for the assumed premium.

**Assumed – Non-affiliates**

The Company's non-affiliated reinsurance underwriting and claims activities are administered through its Reinsurance Division. The Reinsurance Division offices are located in Stamford, Connecticut. The Reinsurance Division writes both prospective and retroactive business under the terms of numerous reinsurance agreements. The Company's counterparties are foreign as well as domestic insurers and reinsurers, reinsurance pools, and syndicates. The assumption treaties cover exposures located across the globe. Arrangements include both quota share and excess loss structures utilizing both facultative and automatic facilities. The Company focuses on providing catastrophe and high dollar exposure property coverages, as well as high limit liability and workers compensation casualty coverages. The Company also assumes whole accounts of business, under which the Company or an affiliate of the Company may manage the run-off claims activities. Some of the more significant categories of exposure assumed by the Company include the following:

Property catastrophe	Workers' compensation
Aviation	Personal liability
Terrorism	Commercial liability
Hurricane	Third party liability
Earthquake	Product liability
Surety	Asbestos and environmental pollution

The Company enters into a number of new assumed reinsurance agreements each year and has several hundred contracts remaining in-force as of December 31, 2020 that are with hundreds of entities.

As of December 31, 2020, the most significant non-affiliated assumed arrangement was with Insurance Australia Group (IAG), which is described below. The IAG agreement comprised 5.7% of the total assumed premiums in 2020, 3.6% of the Company's assumed reserves, and 8.1% of assumed unearned premiums as of December 31, 2020. The Company did not have any other individual non-affiliated contract that comprised more than 2% of the total claim reserves held as of December 31, 2020.

Effective July 1, 2015, the Company entered into a 20% quota share reinsurance agreement with IAG under which the Company will assume 20% of IAG's insurance business through June 30, 2025. As a part of the agreement, the Company immediately assumed \$1.2 billion Australian dollars in written premium representing 20% of IAG's unearned premium reserve as of July 1, 2015.

### **Retroactive Reinsurance**

Retroactive reinsurance agreements cover past loss events previously insured or reinsured by the cedent. The Company's retroactive agreements are each subject to an aggregate limit and are generally expected to incur losses that exceed the consideration received for the contract. Through investment of said consideration, the Company expects to eventually attain a profit position, as the claim settlements are expected to occur over an extended period of time. The Company's December 31, 2020 financial statement includes forty-one assumed and no ceded retroactive reinsurance contracts with carried reserves of approximately \$40 billion. The significant retroactive contracts assumed include the following:

<b><u>Reinsured Name</u></b>	<b><u>Assumed Reserve (in millions)</u></b>
American International Group, Inc.	\$17,680
Liberty Mutual Insurance Company	6,631
Equitas Ltd.	6,555

In November 2006, the Company agreed to reinsure all of the loss and allocated loss adjustment expense of Equitas Limited (Equitas), which was established to reinsure and manage the pre-1993 non-life insurance and reinsurance liabilities of the Names or Underwriters of Lloyd's of London. The arrangement was effective on March 30, 2007 after receipts of all requisite regulatory approvals. As of the effective date of the agreement, the aggregate limit was \$13.8 billion. On June 18, 2009, Equitas exercised its option to purchase an additional \$1.3 billion aggregate limit. As of December 31, 2020, the unpaid loss and loss adjustment expense reserves under this agreement totaled approximately \$6.1 billion.

On July 17, 2014, the Company entered into an excess of loss agreement with Liberty Mutual Insurance Company (LMIC). The Company assumes substantially all of LMIC's unpaid losses and allocated loss adjustment expenses related to asbestos and environmental claims from policies incepting prior to 2005 and workers' compensation claims arising prior to January 1, 2014. The agreement is subject to an aggregate limit of \$6.5 billion. At December 31, 2020, the Company's unpaid loss and loss adjustment expense reserves with respect to this agreement totaled \$5.8 billion.

Effective February 2, 2017, the Company entered into a retroactive aggregate excess of loss reinsurance agreement with certain U.S.-domiciled property casualty insurance companies owned by American International Group, Inc. (collectively referred to as AIG). The Company assumed 80% of up to \$25 billion in excess of a \$25 billion retention of a defined portfolio of substantially all of AIG's U.S. commercial long-tail net losses and net allocated loss expenses for

losses incurred prior to 2016 and unpaid as of January 1, 2016. The agreement is subject to an aggregate limit of \$20 billion. Consideration for the agreement was \$10.2 billion. As of December 31, 2020, the unpaid loss and loss adjustment expense reserves under this agreement totaled \$17.68 billion.

### **Ceded - Affiliates**

Ceded reinsurance activities have been a relatively minor aspect of the Company's overall reinsurance operations. The Company generally retains most risks assumed or directly written. In 2020, affiliated reinsurance activities comprised 69% of ceded premiums and 77% of ceded reserves. The remaining ceded activities were comprised of retrocessions and fronting arrangements, which were generally a part of larger arrangements under which the Company assumed and/or agreed to take under its management a block of business.

### **Deposit Accounting**

The Company has entered into certain agreements that are deemed, for financial purposes, not to transfer sufficient insurance risk or were not agreed to both parties in written form within nine months. Following is a listing of the reinsureds and the corresponding liability balance being carried by the Company for each contract accounted for as deposit accounting.

<b><u>Reinsured Company</u></b>	<b><u>Effective Date</u></b>	<b><u>Liability Being Carried</u></b>
Paul Revere Life Insurance Company	04/01/2004	\$ 539,797,313
Provident Life and Accident Ins. Co.	04/01/2004	841,052,321
Provident Life and Casualty Ins. Co.	04/01/2004	75,798,807
Swiss Re Europe S.A.	01/01/2008	55,464,643
Swiss Reinsurance Company, Ltd	01/01/2008	155,956,646
Transport Insurance Company	12/01/2004	12,470,135
Net foreign currency adjustment		<u>(16,224,531)</u>
Total liability carried		<u>\$1,664,315,334</u>

## **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:

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Bonds	\$ 2,253,922,711	\$ 4,089,154,012	\$ 3,861,839,268	\$ 3,386,567,206
Admitted assets	231,373,819,669	228,201,644,363	285,940,318,734	317,406,349,239
Losses	24,301,720,557	28,744,861,101	30,642,083,863	33,758,695,996
Total liabilities	102,811,253,689	105,730,557,675	118,221,639,993	129,644,054,825
Capital and surplus	128,562,565,980	122,471,086,688	167,718,678,741	187,762,294,414
Premiums earned	21,912,490,369	27,063,775,715	26,184,876,021	29,478,970,202
Net investment income	7,319,274,430	8,487,103,807	8,363,242,692	8,063,272,020
Losses incurred	17,175,756,083	19,339,955,709	18,553,953,762	19,967,791,200
Net income	2,079,664,386	10,139,310,652	9,198,063,287	12,608,702,089

### **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	\$ 3,386,567,206		\$ 3,386,567,206
Preferred stocks	2,913,455,928		2,913,455,928
Common stocks	214,148,582,568	\$2,681,192,689	211,467,389,879
Cash, cash equivalents and short-term investments	12,942,705,647	14,606,692	12,928,098,955
Derivatives	24,487,203		24,487,203
Other invested assets	75,764,178,230	172,579,591	75,591,598,639
Receivables for securities	<u>13,180,206</u>	<u>                    </u>	<u>13,180,206</u>
Subtotal, cash and invested assets	\$309,193,156,988	\$2,868,378,972	\$306,324,778,016
Investment income due and accrued	155,900,014	658,365	155,241,649
Uncollected premiums	6,700,659,921	15,662,664	6,684,997,257
Deferred premiums	37,811,397	169,616	37,641,781
Accrued retrospective premiums	5,629,040		5,629,040
Amounts recoverable from reinsurers	50,786,345		50,786,345
Funds held by reinsured companies	1,135,216,743	27,313,458	1,107,903,285
Current foreign income tax recoverable	64,437,852		64,437,852
Electronic data processing equipment	1,351,160	1,066,888	284,272
Furniture and equipment	1,527,627	1,527,627	
Receivables from parent and affiliates	2,730,207,882	4,556,423	2,725,651,459
Funds held by reinsured companies under retroactive contract	102,160,661		102,160,661
Retroactive reinsurance premium deferred	1,740,750		1,740,750
Third party reinsurance recoverables	145,096,872		145,096,872
Assigned reinsurance recoverables	3,500,000	3,500,000	
Automobiles	2,299	2,299	
Leasehold improvements	6,227,895	6,227,895	
Other assets	<u>1,262,930</u>	<u>1,262,930</u>	<u>                    </u>
Totals	<u>\$320,336,676,376</u>	<u>\$2,930,327,137</u>	<u>\$317,406,349,239</u>

## **Liabilities, Surplus, and Other Funds**

Losses	\$ 33,758,695,996
Reinsurance payable	4,808,278,275
Loss adjustment expense	5,486,277,869
Commissions payable	2,522,914
Other expenses	34,648,850
Taxes, licenses and fees	3,285,003
Current federal income taxes payable	63,048,476
Net deferred tax liability	20,135,020,576
Unearned premiums	12,111,715,225
Advance premium	5,657
Dividends declared and unpaid to stockholders	1,000,000,000
Ceded reinsurance premium payable	11,302,360
Funds held by company under reinsurance treaties	138,336,263
Amounts withheld or retained for account of others	226,192,931
Provision for reinsurance	161,281,000
Net adjustments due to foreign exchange rates	2,900,158
Drafts outstanding	41,036,521
Payable to parent, subsidiaries and affiliates	35,867,755
Payable for securities	192,157,895
Retrospective reinsurance reserve - assumed	39,585,685,115
Deposit liabilities	1,664,315,337
Payable to affiliates under collateral agreements	8,212,864,161
Deferred gain liability	1,918,966,465
Premium deficiency reserve	22,841,107
Other liabilities	<u>26,808,916</u>
Total liabilities	<u>\$129,644,054,825</u>
Common capital stock	\$ 5,500,000
Gross paid in and contributed surplus	19,236,158,303
Surplus	<u>168,520,636,111</u>
Total capital and surplus	<u>\$187,762,294,414</u>
Totals	<u><u>\$317,406,349,239</u></u>

## STATEMENT OF INCOME – 2020

### Underwriting Income

Premiums earned	\$29,478,970,202
Losses incurred	\$19,967,791,200
Loss adjustment expenses incurred	3,084,680,244
Other underwriting expenses incurred	5,461,244,100
Change in premium deficiency reserve	<u>1,188,101</u>
Total underwriting deductions	<u>\$28,514,903,645</u>
Net underwriting gain	<u>\$ 964,066,557</u>

### Investment Income

Net investment income earned	\$ 8,063,272,020
Net realized capital gains	<u>4,016,466,584</u>
Net investment gain	<u>\$12,079,738,604</u>

### Other Income

Net loss from agents' or premium balances charged off	\$ (16,390,518)
Finance and service charges not included in premiums	48,127
Miscellaneous other expense	(70,156,660)
Retroactive reinsurance gain - assumed	<u>314,609,685</u>
Total other income	<u>\$ 228,110,634</u>
Net income before federal and foreign income taxes	\$13,271,915,795
Federal and foreign income taxes incurred	<u>663,213,706</u>
Net income	<u>\$12,608,702,089</u>

## CAPITAL AND SURPLUS ACCOUNT

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital and surplus, beginning	\$101,285,906,060	\$128,562,565,980	\$122,471,086,689	\$167,718,678,741
Net income	\$ 2,079,664,386	\$ 10,139,310,652	\$ 9,198,063,287	\$ 12,608,702,089
Change in net unrealized capital gains	30,226,082,581	(11,443,070,543)	47,687,542,990	22,967,836,191
Change in net unrealized foreign exchange capital gain (loss)	(252,090,879)	279,649,874	(82,437,364)	108,060,132
Change in net deferred income tax	(383,958,413)	(190,489,491)	(106,960,905)	100,629,569
Change in nonadmitted assets	717,496,263	554,982,761	(518,591,618)	(74,757,600)
Change in provision for reinsurance	(53,875,000)	(7,640,600)	(13,041,000)	14,613,000
Surplus adjustment paid in	(1,263,869,279)	600,781,375		
Dividends to stockholders	(3,800,000,000)	(6,225,000,000)	(11,025,000,000)	(15,700,000,000)
Change in deferred gain liability	<u>7,210,261</u>	<u>199,996,681</u>	<u>108,016,662</u>	<u>18,532,291</u>
Net change for the year	<u>\$ 27,276,659,920</u>	<u>\$ (6,091,479,291)</u>	<u>\$ 45,247,592,052</u>	<u>\$ 20,043,615,672</u>
Capital and surplus, ending	<u>\$128,562,565,980</u>	<u>\$122,471,086,689</u>	<u>\$167,718,678,741</u>	<u>\$187,762,294,413</u>

## EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$168,520,636,111, 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

The recommendation appearing in the previous report of examination is reflected below together with the remedial actions taken by the Company to comply therewith:

**Schedule F Penalty** – It is recommended that the Company complete its NAIC Annual Statement, Schedule F in accordance with NAIC Annual Statement Instructions regarding the inclusion of reinsurers and reinsurance balances required to be reported on Schedule F, Part 8.

**Actions:** The Company has complied with this recommendation.

## **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 1, 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**

The following comments and recommendations have been made as a result of this examination:

**Required Officers** – It is recommended that the Company comply with its By-Laws and elect the required Officers. During the exam, the Company began electing Assistant Treasurers 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,



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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

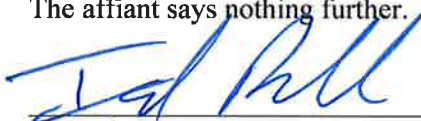
GUARDco, Inc.  
NorGUARD Insurance Company  
National Liability & Fire Insurance Company  
Nebraska Furniture Mart, Inc. and owned affiliates  
NetJets Inc. and owned affiliates  
Northern States Agency, Inc. and owned affiliates  
OTC Worldwide Holdings, Inc. and owned affiliates  
Precision Castparts 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 1<sup>st</sup> day of June, 2022.



(SEAL)

  
 \_\_\_\_\_  
 Notary Public

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