

CERTIFICATION

June 30, 2014

I, Bruce R. Ramage, 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, 2012

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.



STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

JUN 30 2014

FILED

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Bruce R. Ramage

DIRECTOR OF INSURANCE

DEPAR

CERTIFICATE OF ADOPTION

Take notice that the proposed report of the financial examination of

COLUMBIA INSURANCE COMPANY

dated as of December 31, 2012, verified under oath by the examiner-in-charge on June 3, 2014, and received by the company on June 17, 2014, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3)(a).

Dated this 20 day of June, 2014.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE



Justin Schrader
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

COLUMBIA INSURANCE COMPANY

as of

December 31, 2012



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Omaha, Nebraska
May 23, 2014

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Deputy Director and Superintendent of Insurance
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Commissioner of Insurance
Wisconsin Office of the Insurance Commissioner
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Honorable Gordon I. Ito
Chair, Western Zone, NAIC
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Honorable Kevin M. McCarty
Insurance Commissioner
Florida Office of Insurance Regulation
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Honorable Bruce R. Ramage
Director of Insurance
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Honorable Nick Gerhart
Insurance Commissioner
Iowa Insurance Division
601 Locust St., 4th Floor
Des Moines, Iowa 50309

Dear Sirs:

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
3024 Harney Street
Omaha, Nebraska 68131

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

INTRODUCTION

The Company was last examined as of December 31, 2008 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2012, and includes such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, California, Florida, and Iowa participated in this examination, and assisted in the preparation of this report. The examination staff from these states conducted fully coordinated financial condition examinations of the following Company affiliates:

- Berkshire Hathaway Life Insurance Company of Nebraska (BHLN)
- Berkshire Hathaway Homestate Insurance Company (BHHIC)
- Brookwood Insurance Company (BIC)
- Cypress Insurance Company (CYP)
- National Fire & Marine Insurance Company (NFM)
- National Indemnity Company (NICO)
- National Indemnity Company of Mid-America (NIMA)
- National Indemnity Company of the South (NISO)
- Oak River Insurance Company (ORIC)
- Redwood Fire and Casualty Insurance Company (RFC)
- Stonewall Insurance Company (STW)

SCOPE OF EXAMINATION

This 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. The companies examined under this approach benefit to a large degree from common management, systems and processes, 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.

A general review was made 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 shareholders, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election

of Directors and Officers, approval of investment transactions, and authorizations of salaries were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed, as were plans for employee welfare and pension. 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 working papers prepared by Deloitte & Touche LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2011 and 2012. Portions of the auditor's working papers have been incorporated into the working papers 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 28, 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 2012 Annual Statement, is attached to this report as an addendum.

Shareholder

The Articles of Incorporation provide that, "the Company had the authority to issue 60,000 shares of non-assessable common capital stock at a par value of \$100 each, and 20,000 shares of non-assessable preferred capital stock at a par value of \$100 each."

As of December 31, 2012, Company records indicated that 30,000 shares of common stock and 300.0577 shares of preferred stock were issued and outstanding. BH Columbia, Inc. owns the Company's common shares totaling \$3 million of paid up capital. Preferred shares totaling \$30,006 are owned by BHLN for a total paid up capital of \$3.03 million.

There were no changes made to common capital stock during the years under review. Gross paid-in and contributed surplus was \$4.63 billion at December 31, 2012. The Company paid cash dividends during the examination period of \$805 million on April 7, 2011; \$700 million on February 11, 2010; and \$225 million on October 16, 2009.

Board of Directors

The Company's By-Laws provide 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."

The following persons were serving as Directors at December 31, 2012:

<u>Name and Residence</u>	<u>Principal Occupation</u>
J. Michael Gottschalk Omaha, Nebraska	Vice President of the Company
Marc David Hamburg Omaha, Nebraska	Chairman of the Board of the Company and Chief Financial Officer of BHI
Ajit Jain Rye, New York	Executive Vice President of NICO
Forrest Nathan Krutter Milton Mills, New Hampshire	Senior Vice President, Secretary, and General Counsel of NICO
Donald F. Wurster Omaha, Nebraska	President of NICO

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

Officers

The Company's By-Laws provide 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 following is a listing of Officers elected and serving the Company at December 31, 2012:

<u>Name</u>	<u>Office</u>
Donald Frederick Wurster	President
Forrest Nathan Krutter	Senior Vice President and Secretary
Philip Michael Wolf	Senior Vice President
Dale David Geistkemper	Controller and Treasurer
Leslie James Baller	Vice President
J. Michael Gottschalk	Vice President
Tracy Leigh Gulden	Vice President
Karen Lee Rainwater	Vice President
Ty James Reil	Vice President
Brian Gerard Snover	Vice President
Walter Clifford Strain	Vice President
Thomas Lyle Young	Vice President

Committees

The Company's By-Laws provide that, "the Board of Directors may designate an Executive Committee and one or more other committees from among the Directors; and the committees shall have the powers and rights that pertain to such committees."

The Executive Committee was appointed by the Board to have and exercise all the authority of the Board in the management of the Company. The following persons were serving on the Executive Committee at December 31, 2012:

Ajit Jain

Donald Frederick Wurster

The Secretary of the Company was authorized and directed by the Board to certify any action taken by the Committee.

The Investment Committee was appointed by the Board to supervise and direct the investment funds of the Company. The following persons were serving on the Investment Committee at December 31, 2012:

Marc David Hamburg

Donald Frederick Wurster

The Audit Committee was appointed by the Board to provide oversight of the financial reporting process. The following persons were serving on the Audit Committee at December 31, 2012:

J. Michael Gottschalk

Forrest N. Krutter

TRANSACTIONS WITH AFFILIATES

Intercompany Services Agreement

Effective March 1, 2011, the Company entered into an intercompany services agreement with the following affiliates:

Berkshire Hathaway Life Insurance Company of Nebraska
National Fire & Marine Insurance Company
National Indemnity Company
National Indemnity Company of Mid-America
National Indemnity Company of the South
Wesco-Financial Insurance Company

This agreement replaced an intercompany services agreement that had been effective from January 1, 1988. Under the terms of the new 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.

The Company has various other intercompany service agreements with other affiliates. Billings for services under these agreements is substantially lower than the amount billed under the agreement noted above. The wording and structure of these various agreements is very similar and the majority of the time the Company is providing administrative and special services to the affiliate.

Revolving Loan Agreements

Effective November 15, 2002, the Company and BHI entered into a revolving loan agreement. Pursuant to the amended agreement, each party may lend funds to the other from time to time, up to a limit of \$1 billion. The Company did not have an outstanding loan balance as of December 31, 2012.

Effective March 10, 2008, the Company and NICO entered into a revolving loan agreement. Pursuant to the amended agreement, each party may lend funds to the other from time to time, up to a limit of \$1 billion. The Company did not have an outstanding loan balance as of December 31, 2012.

Consolidated Federal Income Tax Allocation Agreement

The Company joins with a group of approximately seven hundred fifty 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 January 1, 1995, 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 was licensed to write insurance in the following states at December 31, 2012:

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

The Company's authority is limited to reinsurance only in the following states:

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

The Company has authority to write surplus lines business in Alabama.

The Company operates primarily as a reinsurer of risks assumed, primarily through its affiliates NICO, General Reinsurance Corporation companies (Gen Re), and The Medical Protective Company (Med Pro). Business assumed from affiliates includes a 10% continuous quota share of all premiums written by non-Canadian Gen Re companies. The Company also assumes business under a 25% continuous quota share of all premiums written by its indirect

subsidiary, Med Pro. The Company assumes 25% of the catastrophe excess property risks assumed by NICO.

REINSURANCE

Assumed - Affiliates

The Company operates primarily as a reinsurer in assuming risks almost exclusively through the following affiliates: NICO, Gen Re, and Med Pro.

Effective January 1, 2005, the Company entered into two separate agreements with affiliates of Gen Re, namely with General Star Indemnity Company, General Star National Insurance Company, Genesis Insurance Company, Genesis Indemnity Insurance Company, National Reinsurance Corporation and Fairfield Insurance Company. 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 aggregate limit on the loss portfolio assumption is \$2.23 billion. 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.

Effective December 31, 2005, the Company entered into a loss portfolio reinsurance agreement with Med Pro whereby the Company assumed a 25% share of Med Pro's then outstanding loss and loss adjustment expenses. The agreement is a 50% share of liability on a 50% loss portfolio cession of Med Pro's aggregate ultimate net loss. The aggregate limit of liability to the Company is \$1.05 billion or three times the loss transfer payment, for occurrences

taking place prior to January 1, 2006. NICO also assumed an equivalent share of the liability from Med Pro.

Effective December 31, 2005, the Company entered into a 25% quota share arrangement with Med Pro. The arrangement is a fifty 50% quota share liability on a 50% cession pertaining to net losses in the aggregate with a limit of liability equal to three times the subject net earned premium ceded for the calendar accident year. NICO also assumed an equivalent share of the liability from Med Pro.

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 one 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.

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.

In 2000, on the same day the Company acquired all of the outstanding shares of Republic Insurance Company (Republic), the Company and Republic entered into an aggregate reinsurance agreement whereby the majority of losses and unpaid loss adjustment expenses

incurred by Republic prior to the Company's acquisition were assumed by the Company. The agreement provides for reimbursement of up to \$500 million of Republic's subsequently paid losses and loss adjustment expenses, net of collected reinsurance recoveries. In addition to the aggregate reinsurance agreement with Republic, the Company also entered into an aggregate excess reinsurance agreement with Republic and Republic's former parent, Republic Financial Insurance Services, Inc., to provide an additional \$200 million limit in excess of the \$500 million reinsurance limit described in the previous paragraph. On October 1, 2007, the Company sold all of the outstanding shares of Republic. Republic subsequently changed its name to Starr Indemnity & Liability Company. Effective October 1, 2007, the aggregate excess reinsurance agreement was amended to remove the \$200 million limit.

The Company acquired a substantial number of reinsurance cessions directly related to the aggregate reinsurance agreement with Republic, described above. The cessions are generated from various Republic run-off reinsurance contracts, including facultative and excess arrangements. The Company's accounting and reporting presentation for the former Republic agreement involves removing the ceding reinsurers from Republic's financial statements and placing them on the Company's financial statements, as the intent of the above mentioned agreement was to relieve Republic of the financial burden caused by these third party reinsurers. These third party reinsurers are still obligated to Republic (now Star Indemnity & Liability Company) and have no direct relationship with the Company.

Ceded - Non-Affiliates

The activities reflected by the Company as non-affiliated ceded reinsurance are the cessions activities of the former Republic (now Starr Indemnity & Liability), as were described above. The Company acquired a substantial number of reinsurance cessions directly related to

the aggregate reinsurance agreement with its then subsidiary, Republic, as were described above. These cessions are generated from various Republic run-off reinsurance contracts, including facultative and excess arrangements.

Voluntary Pools

In 2012, the Company first entered into an agreement under which it participates in a reinsurance program covering several voluntary risk pools related to the aviation industry (providing hull, liability, and worker's compensation coverages). The Company assumes and cedes business among two voluntary pools, Canadian Aircraft Insurance Group and United States Aircraft Insurance Group. The pools are managed by a subsidiary of General Re Corporation, a Berkshire Hathaway Inc. subsidiary. For 2012, the Company was a 16.67% participant in the hull and liability pools and a 5% participant in the workers' compensation pool.

Deposit Accounting

The Company entered into an agreement with Norwich Union effective January 1, 1999 that was deemed for financial purposes to not transfer sufficient insurance risk and has been accounted for using the deposit method of accounting. The initial consideration paid for this agreement was \$75.9 million. As of December 31, 2012, the Company is reflecting as a write-in liability for deposit liabilities an amount of \$46.1 million.

General

All contracts reviewed contained standard insolvency, arbitration, run-off, error and omissions, and termination clauses, as well as intermediary 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Common stocks	\$ 9,238,005,443	\$ 9,231,500,460	\$10,118,454,216	\$10,769,165,799
Admitted assets	12,197,562,158	12,952,033,893	12,861,815,367	15,069,760,354
Loss reserves	2,012,376,204	1,941,892,385	2,046,290,132	1,998,738,688
Unearned premiums	163,211,925	155,865,413	160,748,533	207,348,230
Total liabilities	3,846,945,192	4,090,344,646	4,215,354,285	4,637,260,138
Capital and surplus	8,350,616,968	8,861,689,249	8,646,461,081	10,432,500,216
Premiums earned	454,169,362	395,624,725	409,971,656	564,431,366
Losses incurred	152,097,929	100,924,317	311,548,793	267,802,862
Net underwriting gain	150,394,640	141,268,991	(26,042,877)	111,372,869
Net investment gain	571,734,878	91,397,963	471,765,343	828,037,573
Net income	565,415,522	54,030,712	298,422,413	421,185,644

FINANCIAL STATEMENTS

The following statement of admitted assets and liabilities, together with the accompanying summary of operations, reflects the financial condition of the Company at December 31, 2012 and its transactions during the year 2012, as determined through this examination. A reconciliation of the capital and surplus account for the period under review is also included:

Liabilities, Surplus and Other Funds

Losses	\$ 1,998,738,688
Reinsurance payable on paid losses and loss adjustment expenses	131,444,867
Loss adjustment expenses	327,399,573
Commissions payable, contingent commissions and other similar charges	139,451
Other expenses	16,966
Taxes, licenses and fees	(213,339)
Net deferred tax liability	1,796,556,184
Unearned premiums	207,348,230
Ceded reinsurance premiums payable	5,000
Funds held under reinsurance treaties	2,408,351
Amounts withheld for account of others	824,509
Provision for reinsurance	31,568,837
Drafts outstanding	147,244
Payable to parent, subsidiaries and affiliates	727,459
Payable for securities	46,601,222
Retroactive reinsurance reserve – assumed	47,428,309
Deposit liability	<u>46,118,587</u>
Total liabilities	<u>\$ 4,637,260,138</u>
Common capital stock	\$ 3,000,000
Preferred capital stock	30,006
Gross paid in and contributed surplus	4,631,237,126
Unassigned funds (surplus)	<u>5,798,233,084</u>
Surplus as regards policyholders	<u>\$10,432,500,216</u>
Total	<u>\$15,069,760,354</u>

STATEMENT OF INCOME - 2012

Underwriting Income

Premiums earned	\$ 564,431,366
Deductions:	
Losses incurred	\$ 267,802,862
Loss adjustment expenses incurred	72,911,511
Other underwriting expenses incurred	<u>112,344,124</u>
Total underwriting deductions	\$ 453,058,497
Net underwriting gain (loss)	\$ <u>111,372,869</u>

Investment Income

Net investment income earned	\$ 718,878,103
Net realized capital gains less capital gains tax	<u>109,159,470</u>
Net investment gain (loss)	\$ <u>828,037,573</u>

Other Income

Net gain (loss) from agents' or premium balances charged off	\$ (9,587)
Finance and service charges not included in premiums	21,563
Accretion of deposit liability	(2,762,133)
Miscellaneous income	379,558
Impairments on nonadmitted intangible properties	<u>(311,809,000)</u>
Total other income	\$ <u>(314,179,599)</u>
Net income after capital gains tax and before federal income tax	\$ 625,230,843
Federal income tax incurred	<u>204,045,199</u>
Net income	\$ <u>421,185,644</u>

Action: The Company has complied with this recommendation.

Information Systems – Disaster Recovery/Business Continuity Plan – It is again recommended that the Company establish a formal, documented disaster recovery plan and a formal, documented business contingency plan.

Action: The Company has complied with this recommendation.

COMMENTARY ON CURRENT EXAMINATION FINDINGS

There were no comments or recommendations made as a result of this examination.

SUBSEQUENT EVENTS

PURCHASE OF HARTFORD LIFE COMPANIES

Effective December 12, 2013, the Company purchased Hartford Life International, Ltd and its wholly-owned subsidiary, Hartford Life Limited for \$285 million. In connection with this acquisition, the Company's affiliate, BHLN, entered into an Assignment, Transfer and Novation Agreement (Novation) with Hartford Life Limited. Through the Novation, the Company assumed the Modified Coinsurance business originally assumed by an affiliate of Hartford Life Limited, which reinsured the Guaranteed Minimum Withdrawal Benefits and Guaranteed Minimum Death Benefits payable under variable annuity riders issued by Hartford Life Limited in the United Kingdom.

AMENDED REVOLVING LOAN AGREEMENTS

Effective December 23, 2013, the Company amended two of its revolving loan agreements; one with BHI and one with NICO. These amendments each increased the maximum loan amount to \$1.25 billion and extended the term of the loan agreement through December 31, 2015.

SALE OF STW

On December 26, 2013, the Company transferred ownership of STW to NICO via the sale of all outstanding common shares to NICO for \$78.5 million.

MED PRO REINSURANCE NOVATION

Effective January 1, 2014, the Company novated its Med Pro quota share and loss portfolio reinsurance contracts to NICO for \$846.9 million.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no comments or recommendations that have been made as a result of this examination.

ACKNOWLEDGEMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged. In addition to the undersigned, the following participated in this examination and assisted in the preparation of this report:

Examiners

Emilie Brady, CFE, Financial Examiner, Contracted by the State of Iowa, Eide Bailly LLP

Kyo Chu, CFE, Senior Insurance Examiner, California Department of Insurance

Wade Fleischacker, Financial Examiner, Nebraska Department of Insurance

Erin Garvin, AFE, Financial Examiner, Nebraska Department of Insurance

Mei Gu, CFE, Associate Insurance Examiner, California Department of Insurance

Kim Hurst, CFE, Financial Examiner, Nebraska Department of Insurance

Isaak Russell, CFE, Financial Examiner, Nebraska Department of Insurance

Colette Sawyer, CFE, Financial Examiner, Contracted by the State of Florida, INS Regulatory Insurance Services, Inc.

Kevin Stubbs, AFE, Financial Examiner, Nebraska Department of Insurance

Information Technology Specialists

Gary Evans, CFE, CISA, Information Systems Examiner, Nebraska Department of Insurance

Dave Gordon, CFE, CISA, CIA, Contracted by the Nebraska Department of Insurance, INS Services, Inc.

John Albertini, MBA, CISA, CISSP, Contracted by the Nebraska Department of Insurance, INS Services, Inc.

Actuarial Specialists

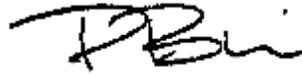
Gordon Hay, FCAS, MAAA, CPCU, Senior Casualty Actuarial Examiner, Nebraska Department of Insurance

Reinsurance Specialist

Lindsay Crawford, CFE, Reinsurance Specialist, Nebraska Department of Insurance

Don Carbone, CFE, Reinsurance Specialist, Contracted by the Nebraska Department of Insurance, INS Services, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "PBliss".

Peter Bliss, CFE
Examiner-in-Charge
Contracted by the Nebraska Department of Insurance
INS Regulatory Insurance Services, Inc.

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. (34.787% owned by Warren E. Buffett)
Affordable Housing Partners, Inc. and owned affiliates
Albecca Inc. and owned affiliates
AU Holding Company, Inc.
Applied Underwriters, Inc.
AEG Processing Center No. 35, Inc.
AEG Processing Center No. 58, Inc.
American Employers Group, Inc.
Applied Investigations, Inc.
Applied Logistics, Inc.
Applied Premium Finance, Inc.
Applied Processing Center No. 60, Inc.
Applied Risk Services of New York, Inc.
Applied Risk Services, Inc.
Applied Underwriters Captive Risk Assurance Company
AUI Employer Group No. 42, Inc.
BH, LLC
Combined Claim Services, Inc.
Coverage Dynamics, Inc.
Employers Insurance Services, Inc.
North American Casualty Co.
Applied Underwriters Captive Risk Assurance Company, Inc.
California Insurance Company
Continental Indemnity Company
Illinois Insurance Company
Pennsylvania Insurance Company
Promesa Health Inc.
Strategic Staff Management, Inc.
Applied Group Insurance Holdings, Inc.
Commercial General Indemnity, Inc.
Ben Bridge Corporation and owned affiliate
Benjamin Moore & Co. and owned affiliates
Berkshire Hathaway Credit Corporation and owned affiliates
Berkshire Hathaway Finance Corporation
BH Columbia Inc.
Columbia Insurance Company
American All Risk Insurance Services, Inc.
American Commercial Claims Administrators Inc.

Berkshire Hathaway Assurance Corporation
 Berkshire Hathaway Reinsurance (Ireland) Limited
 Berkadia Commercial Mortgage LLC
 BH Finance LLC
 BHG Structured Settlements, Inc.
 Berkshire Hathaway Services India Private Limited
 Berkshire India Limited
 Resolute Management Inc.
 CHP Insurance Agency, LLC
 Consolidated Health Plans, Inc.
 Resolute Management Limited
 Resolute Management Services Limited
 Tonicstar Limited
 The British Insurance Company of Cayman
 Medical Protective Corporation
 AttPro RRG Reciprocal Risk Retention Group
 C&R Insurance Services, Inc.
 C&R Legal Insurance Agency, LLC
 Medical Protective Finance Corporation
 Medical Protective Insurance Services, Inc.
 MedPro Risk Retention Services, Inc.
 MedPro RRG Risk Retention Group
 Princeton Insurance Company
 Alexander Road Insurance Agency, Inc.
 Princeton Advertising & Marketing Group, Inc.
 Princeton Risk Protection, Inc.
 Somerset Services, Inc.
 The Medical Protective Company
 Nederlandse Reassurantie Groep NV
 NRG Victory Holdings Limited
 NRG Victory Reinsurance Limited
 NRG America Holding Company
 Philadelphia Reinsurance Corporation
 NetJets IP, LLC
 Ringwalt & Liesche Co. and owned affiliates
 Stonewall Insurance Company
 BH Housing LLC
 BH Shoe Holdings, Inc. and owned affiliates
 BH-IMC Holdings B.V and owned affiliates
 BHSF, Inc. and owned affiliates
 Blue Chip Stamps, Inc.
 Borsheim Jewelry Company, Inc.
 Brookwood Insurance Company
 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
 CORT Business Services Corporation
 CTB International Corp. (CTBI) and owned affiliates
 Cypress Insurance Company
 Forest River, Inc. and owned affiliates
 Mobile Disaster Structures, Inc.
 Priority One Financial Services, Inc.
 Vertis Insurance Group, Inc.
 Fruit of the Loom, Inc. and owned affiliates
 Garan, Incorporated and owned affiliates
 Gateway Underwriters Agency, Inc.
 General Re Corporation
 General Reinsurance Corporation
 Elm Street Corporation
 General Re Compania de Reaseguros, S.A.
 General Re Life Corporation
 Idealife Insurance Company
 General Reinsurance AG
 Faraday Reinsurance Co. Limited
 General Star International Indemnity Ltd.
 Gen Re Beirut s.a.l. offshore
 Gen Re Warsaw Sp. z.o.o.
 General Re Holdings Limited
 Gen Re Services UK Limited
 General Reinsurance Africa Ltd.
 General Reinsurance AG Escritório de Rep. o Brasil Ltda.
 General Reinsurance Life Australia Ltd.
 General Reinsurance México, S.A.
 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
 Commercial Casualty Insurance Company
 International America Group Inc.
 American Centennial Insurance Company
 International American Management Company
 General Re-New England Asset Management, Inc.
 GR-NEAM Limited
 United States Aviation Underwriters, Inc.
 Canadian Aviation Insurance Managers Ltd.
 Gen Re Intermediaries Corporation

Faraday Holdings Limited
 Faraday Underwriting Limited
 Faraday Capital Limited
 GRF Services Limited
 GRD Holdings Corporation
 General Re Financial Products Corporation
 Gen Re Long Ridge, LLC
 Helzberg's Diamond Shops, Inc. and owned affiliate
 International Dairy Queen, Inc. and owned affiliates
 Johns Manville Corporation and owned affiliates
 Jordan's Furniture, Inc.
 Justin Industries, Inc and owned affiliates
 Marmon Holdings, Inc. and owned affiliates
 MidAmerican Energy Holdings Company and owned affiliates
 MiTek Industries, Inc. and owned affiliates
 MS Property Company and owned affiliate
 National Fire & Marine Insurance Company and owned affiliates
 Redwood Fire and Casualty Insurance Company
 National Indemnity Company
 Atlanta International Insurance Company
 Berkshire Hathaway International Insurance Limited (UK)
 Berkshire Hathaway Life Insurance Company of Nebraska
 Berkshire Hathaway Homestate Insurance Company
 First Berkshire Hathaway Life Insurance Company
 FlightSafety International Inc. and owned affiliates
 Oak River Insurance Company
 BHG Life Insurance Company
 Boat America Corporation and affiliates
 Burlington Northern Santa Fe, LLC and owned affiliates
 CLAL U.S. Holdings, Inc.
 GUARD Financial Group, Inc.
 GUARD Insurance Group, Inc.
 AmGUARD Insurance Company
 EastGUARD Insurance Company
 GUARDco, Inc.
 InterGUARD, Ltd.
 Affiliated Agency Operations Co.
 TransGUARD, Ltd.
 NorGUARD Insurance Company
 WestGUARD Insurance Company
 Continental Divide Insurance Company
 Finial Holdings, Inc.
 Finial Reinsurance Company
 GEICO Corporation
 Clayton Homes, Inc. and owned affiliates
 CMH Capital, Inc. and owned affiliates

Eastern States Life Insurance Co.
 HomeFirst Agency, Inc.
 Midland States Life Insurance Co.
 Vanderbilt Property and Casualty Insurance Co., LTD
 CMH Services, Inc. and owned affiliates
 GEICO Advantage Insurance Company
 GEICO Choice 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
 GEICO General Insurance Company
 GEICO Insurance Agency, Inc.
 Government Employees Financial Corporation
 Plaza Financial Services Company
 International Insurance Underwriters, Inc.
 Maryland Ventures, Inc.
 McLane Company, Inc. and owned affiliates
 Claims Services, Inc.
 Plaza Resources Company
 Top Five Club, Inc.
 TTI, Inc. and owned affiliates
 National Indemnity Company of Mid-America
 National Indemnity Company of the South
 SLI Holding Limited
 The Scottish Lion Insurance Company Limited
 Tenecom Limited
 Kyoei Fire & Marine Insurance Co. Limited
 The British Aviation Insurance Company Limited
 Transfercom Limited
 Unione Italiana Reinsurance Company of America, Inc.
 National Liability & Fire Insurance Company
 Nebraska Furniture Mart, Inc. and owned affiliates
 NetJets Inc. and owned affiliates
 Northern States Agency, Inc.
 Global Aerospace Underwriting Managers Limited
 Associated Aviation Underwriters Limited
 BAIG Limited
 British Aviation Insurance Group (Canada) Ltd
 British Aviation Insurance Group (Technical Services) Limited
 British Aviation Insurance Group (Underwriting Services) Limited
 Global Aerospace Underwriters Limited
 Global Aerospace Underwriting Managers (Canada) Limited

Global Aerospace Underwriting Managers (USA), Inc.
Global Aerospace, Inc.
Global Limited
OTC Worldwide Holdings, Inc. and owned affiliates
Precision Steel Warehouse, Inc. and owned affiliates
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
Star Furniture Company
The Buffalo News, Inc.
The Fechheimer Brothers Company and owned affiliates
The Lubrizol Corporation and owned affiliates
The Pampered Chef, Ltd.
U.S. Investment Corporation
 United States Liability Insurance Company
 Mount Vernon Fire Insurance Company
 Mount Vernon Specialty Insurance Company
 U.S. Underwriters Insurance Company
Wesco-Financial Insurance Company
 The Kansas Bankers Surety Company
XTRA Corporation and owned affiliates

State of Vermont

County of Chittenden

Peter Bliss, being duly sworn, states as follows:

1. I have authority to represent Nebraska Dept. of Ins. in the examination of eight companies listed below.
2. Nebraska Dept. of Ins. 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 eight companies listed below was performed in a manner consistent with the standards and procedures required by

Nebraska Dept. of Ins.

National Indemnity Insurance Company
Berkshire Hathaway Homestate insurance company
National Fire and Marine Insurance Company
Columbia Insurance Company
Redwood Fire Insurance Company
Oak River Insurance Company
Stonewall Insurance Company
Berkshire Hathaway Life Insurance Company of Nebraska

The affiant says nothing further.



Examiner's Signature

Subscribed and sworn before me by PETER BLISS on this THIRD day of JUNE, 20 14.

(SEAL)



Notary Public MARGO PLANK

My commission expires 02.10.2015 [date].