

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

**BERKSHIRE HATHAWAY LIFE INSURANCE COMPANY OF
NEBRASKA**

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

STATE OF
DEPARTMENT OF
Bruce R. Ramage
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Take notice that the proposed report of the financial examination of

BERKSHIRE HATHAWAY LIFE INSURANCE COMPANY OF NEBRASKA

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

BERKSHIRE HATHAWAY LIFE INSURANCE COMPANY OF NEBRASKA

as of

December 31, 2012



TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
SALUTATION	1
INTRODUCTION	2
SCOPE OF EXAMINATION.....	2
DESCRIPTION OF COMPANY:	
HISTORY	5
MANAGEMENT AND CONTROL:	
Holding Company.....	5
Shareholder	6
Board of Directors.....	6
Officers	7
Committees	7
TRANSACTIONS WITH AFFILIATES:	
Intercompany Services Agreement.....	8
Consolidated Federal Income Tax Allocation Agreement.....	9
TERRITORY AND PLAN OF OPERATION	9
REINSURANCE.....	11
BODY OF REPORT:	
GROWTH.....	14
FINANCIAL STATEMENTS	14
EXAMINATION CHANGES IN FINANCIAL STATEMENT.....	18
COMPLIANCE WITH PREVIOUS RECOMMENDATIONS.....	18
COMMENTARY ON CURRENT EXAMINATION FINDINGS	19
SUBSEQUENT EVENTS:	
CONNECTICUT GENERAL LIFE COINSURANCE TREATY	19
SUMMARY OF COMMENTS AND RECOMMENDATIONS.....	20
ACKNOWLEDGEMENT	21
ADDENDUM:	
ORGANIZATIONAL CHART	23

Omaha, Nebraska
May 23, 2014

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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:

BERKSHIRE HATHAWAY LIFE INSURANCE COMPANY OF NEBRASKA
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 Homestate Insurance Company (BHHIC)
- Brookwood Insurance Company (BIC)
- Columbia Insurance Company (CIC)
- 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

The Company was incorporated as a capital stock life insurance company on May 14, 1993, its Articles of Incorporation having been approved by the Nebraska Department of Insurance as of that date. The Company was issued a Certificate of Authority to transact the business of insurance as provided under Section 44-201(1), R.R.S. 1943, Nebraska as amended on June 11, 1993, and commenced writing business as of that date. This Certificate provides authority for life insurance and annuities.

On December 18, 2006, the State of Nebraska Department of Insurance approved an Application for Approval of Merger to merge BHG Life Insurance Company (BHG), a wholly owned subsidiary, with and into the Company, effective December 31, 2006.

Article II of the Articles of Incorporation provides that the corporation shall have perpetual existence.

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 Corporation has authority not limited by any preemptive or other rights of its shareholders, to issue an aggregate of 100,000 shares of non-assessable common capital stock of the par value of \$60 each.”

As of December 31, 2012, Company records indicated that 50,000 shares were issued and outstanding and that all shares were owned by NICO, for a total paid up capital of \$3 million.

There were no changes made to common capital stock during the years under review. Gross paid-in and contributed surplus increased \$1,960,539,820 in 2009, \$100 million in 2010, and \$750 million in 2012 to bring the December 31, 2012 balance to \$3,204,694,979. No dividends were paid during this examination period.

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 eleven as may be fixed by the shareholders at each annual meeting or, if no number is so fixed, of three Directors, at least one of whom shall be a resident of Nebraska.”

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

<u>Name and Residence</u>	<u>Principal Occupation</u>
John Duane Arendt Stamford, Connecticut	Vice President of the Company
Marc David Hamburg Omaha, Nebraska	Senior Vice President and Chief Financial Officer of BHI
Ajit Jain Rye, New York	Executive Vice President of NICO Company
Arvind Krishnamurthy Cambridge, Massachusetts	Assistant Vice President of the Company

<u>Name and Residence</u>	<u>Principal Occupation</u>
Forrest Nathan Krutter Milton Mills, New Hampshire	Senior Vice President of NICO
Brian Gerard Snover	Vice President of NICO
Donald Frederick 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	Vice President and Secretary
John Duane Arendt	Vice President and Assistant Secretary
Scott Robert Doerr	Vice President
Michael James Lawler	Vice President
Karen Lee Rainwater	Vice President
Dale David Geistkemper	Treasurer and Controller

Committees

The Company's By-Laws provide 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 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 Forrest Nathan Krutter 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 Forrest Nathan Krutter

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:

Arvind Krishnamurthy Brian Gerard Snover

TRANSACTIONS WITH AFFILIATES

Intercompany Services Agreement

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

Columbia Insurance Company
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, and had been amended from time to time. Under the terms of the new agreement, NICO performs various services for the Company, including: accounting, tax, internal and premium auditing, underwriting, claims, information technology, marketing, and

support services. NICO also provides 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 by NICO. The method of allocating these expenses is set forth in the intercompany services agreement. The charge to the Company 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.

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 to the Company in the ratio that the Company'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, 1999, describes the method of allocation and the manner in which intercompany balances are settled.

TERRITORY AND PLAN OF OPERATION

As evidenced by current or continuous Certificates of Authority, the Company is licensed to write life and annuity insurance in all states and the District of Columbia with the exception of Minnesota and New York. The Company is an accredited reinsurer in the states of New York and Minnesota.

The Company writes direct structured settlement business and other individual annuities, reinsures portfolios of structured settlement annuities and pension obligations, accepts

guaranteed investment contracts and assumes other contract deposit funds, and engages in life reinsurance.

From inception through September 30, 2009, the Company's business was confined primarily to the areas of direct annuities and a few specialized reinsurance contracts. Beginning in October of 2009 through December 31, 2012, the Company entered into various reinsurance agreements, described in the Reinsurance section of this report found below, which provides life retrocession capacity and services to the U.S. reinsurance market.

The majority of the Company's direct annuity business consists of annuities sold to its affiliate, BHG Structured Settlements Inc. (BHGSS), as qualified funding assets in accordance with Section 130 of the Internal Revenue Code. The Company has issued some annuity contracts to defendants as qualified funding assets and occasionally issues annuities to plaintiffs who are in constructive receipt of settlement funds. The annuities are generally long duration obligations funded by a single immediate premium. The Company does not have any broker agreements in place and has not appointed any brokers or agents. In respect of the structured settlement product, the defendant in a settlement agrees to an obligation to make future payments and then assigns that obligation to BHGSS, who purchases an annuity from the Company to fund its liability. BHGSS is thus the owner/policyholder of the annuity. However, the Company makes periodic payments, as set forth in the assignment, directly to the plaintiff. A Corporate Guarantee is typically issued to the plaintiff by CIC (an affiliate of the Company and parent of BHGSS), guaranteeing the payment obligations of BHGSS in accordance with the terms and conditions of the Assignment in the event of BHGSS's default.

REINSURANCE

Effective April 1, 1996, the Company entered into an indemnity reinsurance agreement with Metropolitan Life Insurance Company (MetLife). The Company agreed to reinsure 100% of MetLife's liabilities under a group contract number 8281 for benefits payable on or after January 1, 2019. No benefits are payable before January 1, 2019. MetLife has the right for any reason to recapture the reinsurance and receive a net surrender value.

Also during 1996, the Company entered into an agreement with Transamerica Occidental Life Insurance Company (Transamerica). The Company assumed certain portions of future obligations under single premium annuity contracts written by Transamerica in 1993. The assumption was reflected as a liability under the caption "Liability for Deposit-Type Contracts" in the Company's 2012 Annual Statement. The Company's estimated payments will not begin until after December 31, 2015.

Effective October 1, 2009, the Company assumed on a 100% quota share basis from Swiss Re Life & Health America Inc. (SRLHA) liabilities and subsequent renewal premiums associated with certain yearly renewable term (YRT) business reinsuring permanent and term products and universal life products, either written, assumed, or subsequently acquired by SRLHA. The Company assumes the mortality risk on the underlying lives until the underlying yearly renewable term reinsurance policy non-renews.

Simultaneous with the reinsurance agreement with SRLHA, the Company entered into a stop loss reinsurance agreement with Swiss Reinsurance Company Ltd. (SwissRe), the ultimate parent of SRLHA, effective October 1, 2009. As consideration for this agreement, the Company pays SwissRe quarterly premium equal to a certain percentage of the total face amount of insurance in force as of the first day of the calendar quarter. Under the terms of the agreement,

SwissRe assumes any liabilities equal to net claims of the underlying agreement with SRLHA that exceed \$1.5 billion. As of December 31, 2012, the sum of cumulative claims and cumulative stop loss premiums less cumulative premiums did not exceed \$1.5 billion.

On October 27, 2010, the Company entered into a master purchase agreement with Sun Life Assurance Company of Canada (SunLife) under which the Company acquired SunLife's life retrocession business. Under the terms of the agreement, the Company and an affiliate, British Insurance Company of Cayman (BICC), entered into separate reinsurance agreements with SunLife and its United States and Irish branches to assume 100% of the life retrocessional business. The Company agreed to assume this business from the United States branch of Sun Life, and BICC agreed to assume this business from Sun Life and its Irish branch. The effective date was December 31, 2010. The obligations of the Company under the reinsurance agreements with SunLife are guaranteed by the Company's parent, NICO.

During 2011 and 2012, the Company and SunLife obtained agreement from all cedents to novate to the Company the underlying U.S. life retrocession contracts. Upon approval of each novation by the underlying reinsured, the Company directly assumed the underlying life retrocession agreements. At December 31, 2012, all of the U.S. underlying treaties assumed by the Company from SunLife at December 31, 2010 had been novated to the Company.

Beginning in 2010, the Company entered into reinsurance agreements with Pension Insurance Corporation Limited (PIC), a company incorporated in England and Wales in the United Kingdom. Under the agreements, the Company agreed to assume certain risks associated with a defined group of members of a pension plan and their dependents underwritten by PIC. The Company is liable for a schedule of pension payments for each plan beginning on an agreed date and for any lump sum or transfer settlements prior to that date to the extent that they relate

to scheduled pension payments from the scheduled date onwards. The Company has not assumed the inflation risk affecting the actual payments made by PIC to members of each Scheme, as the amounts payable by the Company to PIC under the reinsurance agreements are calculated using a schedule of pre-determined annual increases.

On November 29, 2012, the Company entered into a multi-year quota share treaty with VidaCaixa, Sociedad Anonima de Seguros y Reaseguro (VidaCaixa), a company incorporated in Spain. The treaty covers, on a 100% quota-share basis, business consisting of the in force portfolio of certain individual life, accident and sickness contracts written by VidaCaixa in Spain as of September 30, 2012, as well as business written by VidaCaixa during the fourth quarter of 2012, net of any ceded reinsurance contracts entered into by VidaCaixa. In consideration for the treaty, the Company paid VidaCaixa \$778 million ceding commission. Once total profits exceed the ceding commission million plus a margin to cover the risk assumed the Company, the majority of subsequent profits will be returned to VidaCaixa through a profit commission.

Also on November 29, 2012, the Company entered into an annuity reinsurance treaty with VidaCaixa. This treaty covers, on a 100% quota-share basis, annuity claim payments due to a specified group of current annuitants from VidaCaixa. Under the treaty, the Company is liable for a schedule of annuity payments, which exclude future pension increases, beginning September 30, 2012.

All contracts reviewed contained standard insolvency, arbitration, run-off, errors and omissions, and termination clauses, as well as intermediary clauses where applicable.

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>
Admitted assets	\$7,624,962,811	\$8,413,268,236	\$8,809,540,584	\$10,938,168,700
Aggregate reserve for life contracts	3,519,070,425	4,413,571,969	4,586,665,887	5,990,621,618
Total liabilities	6,592,322,331	6,860,012,922	6,985,382,253	8,699,730,970
Capital and surplus	1,032,640,480	1,553,255,314	1,824,158,331	2,238,437,730
Annuity considerations	2,338,887,582	2,435,715,292	2,013,169,718	3,451,992,843
Net investment income	279,275,115	443,345,710	467,469,825	449,448,071
Death benefits	402,813,797	1,740,570,456	1,936,329,644	2,032,718,115
Net income	(878,575,994)	(463,234,558)	345,841,196	(350,410,863)

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:

FINANCIAL STATEMENT
December 31, 2012

<u>Assets</u>	<u>Assets</u>	<u>Assets Non- Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 3,640,225,838		\$ 3,640,225,838
Preferred stocks	65,598,998		65,598,998
Common stocks	2,540,779,486		2,540,779,486
Cash, cash equivalents and short-term investments	<u>3,795,901,077</u>		<u>3,795,901,077</u>
Subtotal, cash and invested assets	<u>\$10,042,505,399</u>		<u>\$10,042,505,399</u>
Investment income due and accrued	53,980,293		53,980,293
Uncollected premiums and agents' balances in course of collection	585,648,352		585,648,352
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,794,713		7,794,713
Funds held by reinsured companies	78,914,049		78,914,049
Other amounts receivable under reinsurance contracts	1,086,878		1,086,878
Current federal income tax recoverable	166,832,224		166,832,224
Furniture and equipment	10,088	\$10,088	
Receivables due from parent	34,761		34,761
Reinsurance expense allowance receivable	1,350,294		1,350,294
Other assets	<u>30,154</u>	<u>8,417</u>	<u>21,737</u>
Total	<u>\$10,938,187,205</u>	<u>\$18,505</u>	<u>\$10,938,168,700</u>

Liabilities, Surplus and Other Funds

Aggregate reserve for life contracts	\$ 5,990,621,618
Liability for deposit-type contracts	1,218,211,199
Life contract claims	830,898,837
Provision for experience rating refunds	91,121,072
Other amounts payable on reinsurance	5,028,693
Interest maintenance reserve	86,962,796
Commissions to agents due or accrued	481,269
Commissions and expense allowances payable on reinsurance assumed	9,881,826
General expenses due or accrued	1,593,195
Taxes, licenses and fees due or accrued	384,289
Remittances and items not allocated	14,702,130
Net adjustment in assets and liabilities due to foreign exchange rates	455,220
Asset valuation reserve	409,317,358
Reinsurance in unauthorized companies	3,251,482
Payable to parent, subsidiaries, and affiliates	1,327,035
Drafts outstanding	2,031,602
Funds held under coinsurance	79,449
Deferred investment gain	24,975,889
Ceded reinsurance premium payable	8,228,794
Other liabilities	<u>177,217</u>
Total liabilities	<u>\$ 8,699,730,970</u>
Common capital stock	\$ 3,000,000
Gross paid in and contributed surplus	3,204,694,979
Unassigned funds (surplus)	<u>(969,257,249)</u>
Surplus	<u>\$ 2,235,437,730</u>
Total capital and surplus	<u>\$ 2,238,437,730</u>
Total liabilities, capital, and surplus	<u>\$10,938,168,700</u>

SUMMARY OF OPERATIONS - 2012

Premiums and annuity considerations for life contracts	\$3,451,992,843
Net investment income	449,448,071
Amortization of interest maintenance reserve	2,946,580
Commissions and expense allowances on reinsurance ceded	9,396,545
Other miscellaneous interest	2,278
Interest income on funds withheld	<u>2,129,598</u>
 Total	 <u>\$3,915,915,915</u>
 Death benefits	 \$2,032,718,115
Annuity benefits	139,010,087
Surrender benefits and withdrawals for life contracts	690,665
Interest and adjustments on contract or deposit-type contract funds	60,534,173
Increase in aggregate reserves for life contracts	<u>1,371,715,483</u>
 Subtotal	 \$3,604,668,523
 Commissions on premiums, annuity considerations and deposit-type contract funds	 2,483,266
Commissions and expense allowances on reinsurance assumed	813,829,522
General insurance expenses	11,800,367
Insurance taxes, licenses and fees, excluding federal income taxes	4,998,266
Other miscellaneous expense	2,991
Realized foreign exchange loss	124,139
Loss on termination of payment undertaking agreement	<u>9,350,246</u>
 Total	 <u>\$4,447,257,320</u>
 Net gain before federal income taxes and realized capital gains	 \$ (531,341,405)
 Federal income taxes incurred	 (172,053,719)
Net realized capital gains or (losses)	<u>8,876,823</u>
 Net income	 <u>\$ (350,410,863)</u>

Action: The Company has complied with this recommendation.

Information Systems – Administrator Level Access - It is recommended that the Company should take the necessary steps to limit the number of individuals with administrator level access and maintain a formal listing of all such individuals.

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

CONNECTICUT GENERAL LIFE COINSURANCE TREATY

On February 4, 2013, the Company entered into a 100% Coinsurance Treaty with Connecticut General Life Insurance Company (CGLIC), an indirect subsidiary of Cigna Holdings, Inc. The treaty covers, on a 100% quota-share basis, CGLIC's run-off variable annuity Guaranteed Minimum Death Benefit (GMDB) and Guaranteed Minimum Income Benefit (GMIB) arising from the underlying treaties, also referred to as run-off reinsurance business. In consideration for the business, CGLIC agreed to pay the Company \$2.2 billion. Going forward, CGLIC will continue to administer the business and pay to the Company all reinsurance premiums received on the business, and the Company will pay to CGLIC all GMDB or GMIB claims incurred. The treaty will remain in force until the natural expiry of the underlying business, subject to an aggregate limit of \$3.82 billion. The Company purchased a surety bond issued by its parent, NICO, to guarantee its obligations under the treaty.

Also, effective December 12, 2013, the Company entered into a transfer and novation agreement with Hartford Life Limited (HLL), a wholly owned subsidiary of Hartford Life International, Ltd. (HLINT), and Hartford Life and Annuity Insurance Company (HLA) concurrent with the sale and purchase of HLINT by and between HLA, the indirect parent of HLL, and CIC, an indirect subsidiary of the Company's ultimate parent, BHI. HLL and HLA were parties to a Reinsurance Agreement effective November 1, 2010, pursuant to which HLL ceded to HLA on a modified coinsurance basis certain variable annuity GMDB and Guaranteed Minimum Withdrawal Benefits (GMWB) arising from the underlying direct variable annuity business sold by HLL through its branch in the U.K. The quota share percentage for the reinsurance agreement is 100%. As part of the transfer and novation agreement, the Company assumed from HLA the liabilities for GMWB and GMDB ceded by HLL under the reinsurance agreement. The modified coinsurance reserve under the agreement is expected not to exceed \$100 million as of year-end 2013.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no findings warranting comment 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.

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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

Rhonda Ahrens, FSA, MAAA, Life and Health 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 Regulatory Insurance Services, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "PBliss". The signature is written in a cursive style with a prominent initial "P" and a dot over the "i".

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 Representação no 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].