

REPORT ON EXAMINATION AS TO THE CONDITION OF
FIREMAN'S FUND INDEMNITY CORPORATION
AS OF DECEMBER 31, 2023
NAIC COMPANY CODE 11380
NAIC GROUP CODE 0761

FILED
June 24, 2025
Commissioner
New Jersey Department
Of
Banking and Insurance

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State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

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May 29, 2025

Honorable Justin Zimmerman
Commissioner of Banking and Insurance
State of New Jersey
20 West State Street
P.O. Box 325
Trenton, New Jersey 08625

Commissioner:

In accordance with the plan adopted by the National Association of Insurance Commissioners for examination of insurance companies, a financial condition examination has been made of:

**FIREMAN'S FUND INDEMNITY CORPORATION
TRENTON, NEW JERSEY 08611
NAIC COMPANY CODE 11380
NAIC GROUP CODE 0761**

a domestic property and casualty insurance company authorized to transact business in the State of New Jersey. Hereinafter referred to as "FFICNJ" or the "Company."

SCOPE OF THE EXAMINATION

The New Jersey Department of Banking and Insurance (“NJDOBI”) conducted a risk-focused examination of the Company. The financial condition examination was called by the Commissioner of Banking and Insurance of the State of New Jersey pursuant to the authority granted by N.J.S.A. 17:23-22.

This financial condition examination covered the period from January 1, 2019 through December 31, 2023. During this period, the Company’s admitted assets increased from \$15,893,205 to \$178,272,308. The Company’s liabilities increased from \$361,348 to \$123,666,149, and its surplus as regards policyholders increased from \$15,531,857 to \$54,606,159. Transactions occurring subsequent to that period were reviewed where deemed appropriate by the examiners.

The examination of the Company was conducted as part of a multi-state coordinated examination of all U.S. based insurers of the Allianz Global Corporate & Specialty North America (“AGCS NA”) Property and Casualty Sub-Group insurance companies. All U.S. based insurers comprising this Sub-Group are owned by Allianz Global Risks U.S. Insurance Company (“AGRUS”). AGRUS is an Illinois domiciled entity; therefore, Illinois is considered the lead state.

The examination was conducted in accordance with the proposed risk-focused procedures and guidelines prescribed by the National Association of Insurance Commissioners (“NAIC”). This examination, for common subject matter, relied upon the Illinois Department of Insurance (“ILDOI”) to identify risk classifications and inherent risks of key functional activities. The ILDOI was also responsible for the preparation of matrices that identify controls and risk mitigation strategies. Finally, the ILDOI determined residual risk and prepared substantive test procedures deemed necessary.

According to the NAIC Handbook, “One of the increased benefits of the enhanced risk focused approach is to include ... consideration of other than financial risks that could impact the insurer’s future solvency. By utilizing the enhanced approach, the examiner reviewed the “financial” and “enterprise” risks that existed at the examination “as of” date and will be positioned to assess “financial” and “enterprise” risks that extend or commence during the time the examination was conducted and “prospective” risks which are anticipated to arise or extend past the point of examination completion. Using this approach, examiners will be better positioned to make recommendations for appropriate future supervisory plans (i.e., earlier statutory exams, limited-scope exams, key areas for financial analysts to monitor, etc.) for each insurer.”

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examination report only addresses regulatory information revealed by the examination process in accordance with the NAIC Handbook. All other financial matters were reviewed and determined not to be material for discussion within this report.

The examination of the Company was conducted concurrently with the examination of the following companies of the AGCS NA Sub-Group:

Company**Domiciliary State**

Allianz Global Risks US Insurance Company
AGCS Marine Insurance Company
Fireman's Fund Insurance Company
National Surety Corporation
Interstate Fire & Casualty Company
Allianz Underwriters Insurance Company
Chicago Insurance Company
American Automobile Insurance Company

Illinois
Illinois
Illinois
Illinois
Illinois
Illinois
Illinois
Missouri

COMPLIANCE WITH PRIOR REPORT ON EXAMINATION RECOMMENDATIONS

The prior report on examination did not contain any examination recommendations.

HISTORY

The Company was incorporated under the insurance laws of the State of New Jersey on October 21, 1983 as a property and casualty insurance company and commenced business on May 18, 1984.

Effective June 30, 2009, the Company made the following changes to its Bylaws:

- Article III, Section 3.1 Number was amended to read, "The Board of Directors shall consist of six directors of which two must be independent directors."
- Article IV, Section 4.10-1 Audit Committee was added to read, "The Board will appoint an Audit Committee of the Board to consist of not less than two (2) independent directors."

On September 17, 2014, the Company's ultimate parent, Allianz SE ("AZSE"), a European Company incorporated in the Federal Republic of Germany and the European Union, reconfigured the Fireman's Fund Insurance Company ("FFIC") group of insurers, which included the Company ("Reorganization Plan"). As part of the Reorganization Plan, the FFIC group's commercial property and casualty business was integrated with Allianz Global Risks US Insurance Company, an Illinois corporation d/b/a Allianz Global Corporate & Specialty North America ("AGCS"), which is one of several global corporate insurance companies of AZSE. The legal ownership of the FFIC and its direct subsidiaries, including the Company, was re-aligned through a transfer of ownership of FFIC from Allianz of America, Inc. ("AZOA") to AGCS.

Effective January 1, 2015, AZOA contributed all of the outstanding shares of the stock of FFIC to AGRUS, and FFIC became a wholly owned subsidiary of AGRUS and a member of the AGC NA Group. The voting common stock of AGRUS is held 80% by AZOA, which in turn is a wholly-owned subsidiary of Allianz Europe B.V., a subsidiary of Allianz SE. The remaining 20% of the voting stock of AGRUS is held by AGCS International Holding B.V. ("AIH"), a wholly-owned subsidiary of Allianz Global Corporate & Specialty SE, which in turn is a wholly-owned subsidiary of Allianz SE. AIH is also the holder of 262,339 shares of non-voting preferred stock issued by AGRUS. In 2023, the Company's ownership was changed from FFIC to AGRUS.

Historically, the Company has been operated to serve New Jersey only insureds, primarily consisting of Personal Lines and Mid Corp customers with risk locations confined to the state. With the sale of the Personal Lines business by FFIC in 2015, the AGCS NA Group has been unable to capture significant New Jersey only business given the nature of the AGCS NA business model. AGCS NA customers generally consist of large insureds with multi-state risk locations rendering the Company unable to insure all needs. Following the Personal Lines sale, the Company was effectively placed in runoff. The Company remained dormant until Q3 2022, when the AGCS NA Group repurposed the Company into a surplus lines writer, white-listed in 49 states. Beginning in Q3 2022, the Company started writing large corporate, non-admitted business in all states.

No dividends were declared or paid to the stockholder for the years under examination. The statutory home office of the Company is located at 247 East Front Street, Suite 176, Trenton, New Jersey 08611. The main administrative office and principal location of the books and records is located at 225 W. Washington Street, Suite 1800, Chicago, Illinois 60606.

The registered agent upon whom process may be served is The Corporation Trust Company, 820 Bear Tavern Road, West Trenton, New Jersey 08628.

The Company has 35,000 shares of common stock authorized and 35,000 shares issued and outstanding with a par value of \$100 per share. All outstanding shares are directly owned by its parent company, AGRUS.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2023, the Company was licensed to transact the business of insurance only in the State of New Jersey and is eligible or approved to write surplus lines in 49 states, the District of Columbia, American Samoa, Guam, US Virgin Islands, Northern Mariana Islands, and Canada. All business was written through the employees of AGRUS and its agency staff. During the period under examination, the Company had the following direct premiums written:

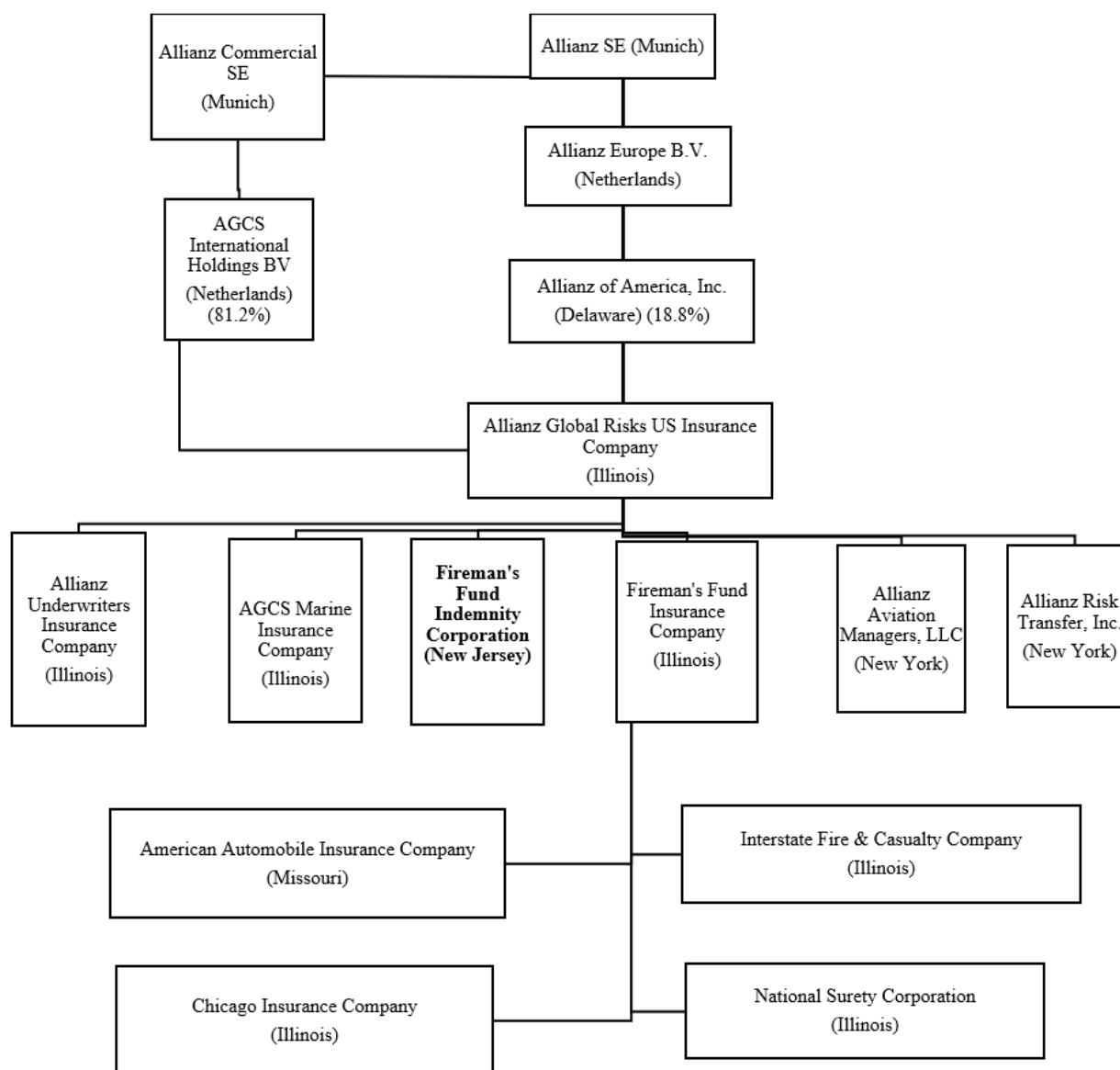
| | |
|------|---------------|
| 2023 | \$344,568,144 |
| 2022 | \$50,417,835 |
| 2021 | \$0 |
| 2020 | \$0 |
| 2019 | \$0 |

All personnel, material, facilities and services necessary for the Company to transact the business of insurance in the State of New Jersey are provided to the Company by AGRUS under the terms of a management agreement discussed above in this report under the heading “Inter-company Agreements/Related Party Transactions.”

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

The Company is a member of a holding company system as defined by N.J.S.A. 17:27A-1. A review of the Company’s holding company registration statements and amendments thereto indicated that the Company is in compliance with N.J.S.A.17: 27A-3 Sections a-j, requiring registration of those insurers who qualify as determined by N.J.S.A.17: 27A-1.

The Company is a wholly-owned subsidiary of AGRUS. The voting stock of AGRUS is held 18.8% by Allianz of America, Inc., which in turn is a wholly-owned subsidiary of Allianz Europe B.V., a subsidiary of Allianz SE. The remaining 81.2% of the voting stock of AGRUS is held by AGCS International Holding B.V., a wholly-owned subsidiary of Allianz Commercial SE, which in turn is a wholly-owned subsidiary of Allianz SE. See the abbreviated Organizational Chart below illustrating the current legal entity ownership chain as of December 31, 2023:



INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

The Company was a named party to the following affiliated agreements at the examination date:

Management Agreement

Effective July 1, 1991, the Company entered into a Reinstatement of Management Agreement with FFIC. The original management agreement was dated January 9, 1984. Under terms of the agreement, FFIC agrees to provide the Company with all personnel, material, facilities and services necessary for the Company to transact the business of insurance in New Jersey. A fee equal to 3% of the premium entered into the statistical records of the Company, together with expenses incurred, shall be paid to FFIC in consideration of these services. FFIC also agrees to perform administrative and clerical functions related to such investments or reinvestments as requested by the Company for an annual fee payable quarterly of twenty-five hundredths (25/100) of one percent (1%) based on the Company's average invested assets held during each calendar quarter.

Cash Pooling Account Agreement

Effective August 1, 2022, the Company entered into a Cash Pooling Account Agreement with Allianz SE. The Agreement allows the Company to invest short-term funds at an enhanced yield and also allows the Company to gain access to additional liquidity through borrowing when needed. The Agreement operates as a sweep account wherein Allianz SE withdraws from the Company's U.S. Account positive amounts to be invested in accordance with the Investment Guidelines, and Allianz SE agrees to transfer to the Company's U.S. Account amounts equal to any negative balance. Allianz SE guarantees the return of the Company's investment amounts.

Tax Reimbursement Agreement

Effective January 1, 2018, the Company entered into a Tax Allocation Agreement ("Agreement") with AZOA, and various U.S. affiliates comprising the AZOA consolidated tax group (the "AZOA Tax Group"). The Agreement replaces a series of prior tax sharing agreements which have become deficient due to the evolution of US Federal tax law. The Agreement provides for tax sharing and reimbursement for state and federal tax liabilities and is set up such that all AZOA Tax Group members are parties to a single agreement. Under the Agreement, members will be entitled to current reimbursement for tax losses for which the AZOA Tax Group receives an immediate cash benefit. The Agreement applies to tax years commencing with tax year 2018. This Agreement was amended effective December 19, 2023 to address changes to tax law as a result of Base Erosion and Anti-Abuse Tax ("BEAT") issues.

REINSURANCE

Intercompany Pooling Agreement

Effective July 1, 2022, the Company entered into a Joinder Agreement with AGRUS, AGCS Marine Insurance Company ("AMIC"), Allianz Underwriters Insurance Company ("AUIC"), and FFIC, which amended the existing Intercompany Pooling Agreement. Pursuant to the Restated Pooling Agreement, AGRUS will reinsure and be liable on all policies and contracts of insurance and assumed reinsurance of AMIC, AUIC, and FFIC written before or after January 1, 2016, and will reinsure and be liable on all policies and contracts of insurance and assumed reinsurance of the Company written on or after July 1, 2022. With this restatement, premium receivables and other underwriting assets and liabilities will also be pooled from all companies to AGRUS. The reinsurance agreements pursuant to which FFIC's four insurance subsidiaries cede business to FFIC will remain in place and unchanged, but all such reinsured business will be retroceded by FFIC, together with FFIC's net business, to AGRUS pursuant to the Restated Pooling Agreement.

Under the Restated Pooling Agreement, no business will be retroceded by AGRUS to the Company, AMIC, AUIC, and FFIC. Members of the pool and their respective percentages of participation at December 31, 2023 are:

| NAIC # | Company | Percentage |
|---------------|---|-------------------|
| 35300 | Allianz Global Risks US Insurance Company | 100% |
| 22837 | AGCS Marine Insurance Company | 0% |
| 36420 | Allianz Underwriters Insurance Company | 0% |
| 21873 | Fireman's Fund Insurance Company | 0% |
| 11380 | Fireman's Fund Indemnity Corporation | 0% |

As of December 31, 2023, the Company had a net payable of \$1,014,367 resulting from the intercompany pooling transactions.

MANAGEMENT AND CONTROL

Directors

The corporate powers of the Company are managed by a Board of Directors consisting of six members. All of the Board members are senior officers of AGRUS. At each annual meeting, the Shareholders shall elect directors to hold office until the next succeeding annual meeting. Each Director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified.

The Company is part of a holding company system, and at least one-third of its Board of Directors is required to be outside directors according to N.J.S.A. 17:27A-4d(3). The Company meets this requirement.

Regular meetings of the Board of Directors shall be held for the election or appointment of officers and for the transaction of any other business as soon as convenient after the annual meeting of the Shareholders. Attendance of Directors at meetings of the Board during the five years under examination was adequate.

A list of Directors elected and serving at December 31, 2023 follows:

| <u>Name</u> | <u>Principal Occupation</u> |
|-----------------|---|
| Vinko Markovina | Senior Vice President, Regional Head Corporate & Global Head Midcorp, AGRUS |
| Heidi DeVette | Vice President, Controller and Assistant Treasurer, AGRUS |
| Paul Davis | Senior Vice President, Chief Financial Officer and Treasurer, AGRUS |
| Adam Hamm | Vice President, Regional Head of Compliance, AGRUS |
| Tracy Ryan | President and Chief Executive Officer, AGRUS |
| Elliott Foster | General Counsel and Corporate Secretary, AGRUS |

A review of the minutes of the meetings of the Stockholders, Directors and Committees indicated that the Directors adequately approved and supported Company transactions and events.

Committees

The corporate By-laws provide for various committees of the Board of Directors. Committees are held at the AGRUS level.

Officers

The officers of the Company shall be chosen by the Board of Directors and shall consist of a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

The President shall be the Chief Executive Officer of the Company, shall preside at all meetings of the Shareholders and the Board of Directors, shall have general and active management of the business of the Company, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

The Vice President shall, in the absence of the President or in the event of his inability or refusal to act, perform the duties and exercise the powers of the President, subject to all the restrictions upon the President, and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Secretary shall attend all meetings of the Board of Directors and all meetings of the Shareholders and shall record all the proceedings of the meetings of the Company and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required.

The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all monies and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Directors.

The officers elected by the Board of Directors and serving at December 31, 2023 were as follows:

| <u>Name</u> | <u>Title</u> |
|----------------|---|
| Tracy Ryan | President and Chief Executive Officer, AGRUS |
| Paul Davis | Senior Vice President, Chief Financial Officer and Treasurer, AGRUS |
| Heidi DeVette | Vice President, Controller and Assistant Treasurer, AGRUS |
| Elliott Foster | General Counsel and Corporate Secretary, AGRUS |

N.J.S.A. 17:27A-4d(3) states, “Not less than one-third of the domestic insurer, and not less than one-third of the members of each committee of the board of directors of any domestic insurer, shall be persons who are not officers or employees of that insurer or of any entity controlling, controlled

by, or under common control with, that insurer and who are not beneficial owners of a controlling interest in the voting securities of that insurer or any such entity. At least one such person shall be included in any quorum for the transaction of business at any meeting of the board of directors or any committee thereof.”

N.J.S.A. 17:27A-4d(4) states, “The board of directors of a domestic insurer shall establish one or more committees comprised solely of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with, the insurer and who are not beneficial owners of a controlling interest in the voting securities of the insurer or any such entity. The committee shall be responsible for recommending the selection of independent certified public accountants, reviewing the insurer’s financial condition, the scope and results of the independent audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer and recommending to the board of directors the selection and compensation, including bonuses or other special payments, of the principal officers.”

N.J.S.A. 17:27A-4d(5) states, “The provisions of paragraphs (3) and (4) of this subsection d. shall not apply to a domestic insurer if the person controlling the insurer is an entity having a board of directors and committees thereof that substantially meet the requirements of those paragraphs.”

Allianz SE is the ultimate controlling party of the Company. The Allianz SE Supervisory Board oversees and advises the Board of Management on managing the business. It is also responsible for appointing the members of the Board of Management, determining their overall remuneration, succession planning for the Board of Management, and reviewing Allianz SE’s and the Allianz Group’s annual financial statements. The Supervisory Board’s activities are further described in the Supervisory Board Report contained in the Allianz Group Annual Report.

As stipulated in the governing Statutes of Allianz SE, the Supervisory Board consists of 12 members of which 6 members are shareholders’ representatives and 6 members are employees’ representatives. The shareholders’ representatives, comprising 50% of the Supervisory Board, qualify as independent Board members as they are not officers or employees of Allianz SE or any entity controlling, controlled by, or under common control with, Allianz SE and are not beneficial owners of a controlling interest in the voting securities of Allianz SE.

Therefore, as the Supervisory Board of Allianz SE substantially complies with the provisions of N.J.S.A. 17:27A-4d(3), the Company qualifies for the exemption pursuant to N.J.S.A. 17:27A-4d(5).

Additionally, AGCS has established sub-committees, including the Audit Committee. On December 19, 2018, the Company notified the Commissioner of the New Jersey Department of Banking and Insurance that the Audit Committee of AGRUS has been designated as the Audit Committee of the Company and began serving effective November 30, 2018. As such, the Company’s outside directors were no longer required, so they were not re-elected.

AGRUS serves as the North American corporate parent and controlling party of the Company, and at December 31, 2023, the sole shareholder of the Company. The composition of the AGRUS

Audit Committee complies with the independent audit committee membership requirements specified in Regulations Section 11:2-26.14(c), and the scope of the AGRUS Audit Committee Charter encompasses the duties prescribed by Regulations Section 11:2-26.14. As such, the AGRUS Audit Committee is qualified to serve as the Audit Committee of the Company.

Therefore, since the controlling entity has an Audit Committee that meet the requirements of N.J.S.A. 17:27-4d(4), the Company complies with this statute at December 31, 2023.

All transactions and actions taken by the officers of the Company on its behalf are ratified by the Board of Directors and by the Company shareholders at the Annual Shareholders Meeting.

POLICY ON CONFLICT OF INTEREST

The Company has established procedures for the reporting of conflicts of interest by directors, officers and key employees. Directors, officers and key employees are required to complete Conflict of Interest Statements on an annual basis. Additionally, the directors, officers and key employees stipulate that they will notify management immediately if a potential conflict arises in the interim. No exceptions were noted during the examination.

CORPORATE RECORDS

A review was made of the Board minutes and committee minutes for the period of examination. This examination determined that the minutes adequately approve and support the Company's transactions and events.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is a named insured on a Financial Institution Bond Form C – Life issued to Allianz of America, Inc., a wholly-owned subsidiary of the ultimate parent, Allianz SE. The bond is insured by Federal Insurance Company. Coverage provides the Group with fiduciary coverage up to an aggregate limit of liability of \$50,000,000 for the period of March 1, 2023 through March 1, 2024. The amount of fidelity coverage carried on this policy meets the suggested minimum amount of fidelity coverage as measured using the NAIC's formula and exposure index. AGRUS also maintains other insurance coverages on an individual or consolidated basis.

ACCOUNTS AND RECORDS

The Company's general ledger is the final repository for its financial information. The automated general ledger system stores and processes this information to produce financial and management reports. The system is called SAP ("Systems Applications and Processes"). All of the Company's major transaction systems interface with SAP. Data is organized by Control Entity (non-insurance or property liability) and by SAP accounting codes that are used for data processing and to classify the Company's financial data.

Audited Financial Statements

Pursuant to N.J.A.C. 11:2-26.4 an annual audit was performed by the CPA firm of PricewaterhouseCoopers, LLP, and an audited financial/CPA report was filed with the Commissioner of the NJDOBI. The report contains a synopsis of the major audit activities and results in the corporate area.

FINANCIAL STATEMENTS AND EXHIBITS

Exhibit A – Comparative Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2023

Exhibit B – Statement of Income for the Five-Year Period Ending December 31, 2023

Exhibit C – Capital and Surplus Account for the Five-Year Period Ending December 31, 2023

EXHIBIT A

FIREMAN'S FUND INDEMNITY CORPORATION
Comparative Statement of Assets, Liabilities, Surplus and Other Funds
at December 31, 2023

| | Current Examination at 12/31/23 | Balance Per Company at 12/31/23 | Examination Change | Note Number |
|--|---------------------------------------|---------------------------------------|-----------------------|----------------|
| Admitted Assets | | | | |
| Bonds | \$ 91,164,543 | \$ 91,164,543 | \$0 | |
| Cash, cash equivalents & short-term investments | 17,572,983 | 17,572,983 | 0 | 1 |
| Investment income due & accrued | 689,310 | 689,310 | 0 | |
| Amounts recoverable from reinsurers | 13,095,705 | 13,095,705 | 0 | |
| Receivables from parent, subsidiaries and affiliates | 1,986,335 | 1,986,335 | 0 | |
| Aggregate write-ins for other than invested assets | 53,763,432 | 53,763,432 | 0 | |
| | <u>\$ 178,272,308</u> | <u>\$ 178,272,308</u> | <u>\$0</u> | |
| Total Admitted Assets | <u>\$ 178,272,308</u> | <u>\$ 178,272,308</u> | <u>\$0</u> | |
| Liabilities | | | | |
| Losses | \$ - | \$ - | \$ - | 2 |
| Loss Adjustment Expenses | - | - | - | 2 |
| Other expenses | 5,363 | 5,363 | 0 | |
| Current federal and foreign income taxes | 358,184 | 358,184 | 0 | |
| Ceded reinsurance premiums payable | 116,910,178 | 116,910,178 | 0 | |
| Funds held by company under reinsurance treaties | 6,222,605 | 6,222,605 | 0 | |
| Provision for reinsurance | 169,819 | 169,819 | 0 | |
| | <u>\$ 123,666,149</u> | <u>\$ 123,666,149</u> | <u>\$0</u> | |
| Total Liabilities | <u>\$ 123,666,149</u> | <u>\$ 123,666,149</u> | <u>\$0</u> | |
| Surplus and Other Funds | | | | |
| Common capital stock | \$ 3,500,000 | \$ 3,500,000 | \$0 | 3 |
| Gross paid in and contributed surplus | 36,625,000 | 36,625,000 | 0 | 3 |
| Unassigned funds (surplus) | 14,481,159 | 14,481,159 | 0 | 3 |
| | <u>\$ 54,606,159</u> | <u>\$ 54,606,159</u> | <u>\$0</u> | |
| Surplus as regards policyholders | <u>\$ 54,606,159</u> | <u>\$ 54,606,159</u> | <u>\$0</u> | 3 |
| Total Liabilities, Surplus and Other Funds | <u>\$ 178,272,308</u> | <u>\$ 178,272,308</u> | <u>\$0</u> | |

EXHIBIT B**FIREMAN'S FUND INDEMNITY CORPORATION**

Statement of Income

For the Five-Year Period Ending December 31, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------|--------------|-------------|-------------|-------------|
| <u>Underwriting Income</u> | | | | | |
| Premiums Earned | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deductions: | | | | | |
| Losses incurred | \$ - | \$ - | \$ - | \$ - | \$ - |
| Loss adjustment expenses incurred | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net underwriting gain (loss) | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>Investment Income</u> | | | | | |
| Net investment income earned | \$ 3,534,211 | \$ 1,046,390 | \$ 368,588 | \$ 423,117 | \$ 381,384 |
| Net realized capital gains (losses) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Investment gain (loss) | \$ 3,534,211 | \$ 1,046,390 | \$ 368,588 | \$ 423,117 | \$ 381,384 |
| <u>Other Income</u> | | | | | |
| Aggregate write-ins for miscellaneous income | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total other income | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | \$ 3,534,211 | \$ 1,046,390 | \$ 368,588 | \$ 423,117 | \$ 381,384 |
| Dividends to policyholders | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | \$ 3,534,211 | \$ 1,046,390 | \$ 368,588 | \$ 423,117 | \$ 381,384 |
| Federal and foreign income taxes incurred | \$ 742,184 | \$ 219,742 | \$ 77,403 | \$ 88,855 | \$ 80,087 |
| Net Income (Loss) | \$ 2,792,027 | \$ 826,648 | \$ 291,185 | \$ 334,262 | \$ 301,297 |

EXHIBIT C**FIREMAN'S FUND INDEMNITY CORPORATION**

Capital and Surplus Account

For the Five-Year Period Ended December 31, 2023

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capital and Surplus, Prior Year | \$ 51,385,753 | \$ 16,157,304 | \$ 15,866,119 | \$ 15,531,857 | \$ 15,230,560 |
| Net Income | \$ 2,792,027 | \$ 826,648 | \$ 291,185 | \$ 334,262 | \$ 301,297 |
| Change in et deferred income tax | (12,600) | 12,600 | 0 | 0 | 0 |
| Change in nonadmitted assets | 60,000 | (60,000) | 0 | 0 | 0 |
| Change in provision for reinsurance | 380,979 | (550,799) | 0 | 0 | 0 |
| Surplus adjustments: Paid in | <u>0</u> | <u>35,000,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Change in surplus as regards policyholders for the year | <u>\$ 3,220,406</u> | <u>\$ 35,228,449</u> | <u>\$ 291,185</u> | <u>\$ 334,262</u> | <u>\$ 301,297</u> |
| Surplus as regards policyholders, December 31 current year | <u><u>\$ 54,606,159</u></u> | <u><u>\$ 51,385,753</u></u> | <u><u>\$ 16,157,304</u></u> | <u><u>\$ 15,866,119</u></u> | <u><u>\$ 15,531,857</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

There were no changes made to the assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2023. The surplus as regards policyholders, which totaled \$54,606,159 as of the examination date, was determined to be reasonably stated and in compliance with N.J.S.A. 17:17 et seq.

Note 1 – Statutory Deposits

As of December 31, 2023, the Company had one statutory deposit for the benefit of policyholders:

| <u>State</u> | <u>Carrying Value</u> |
|---------------------|------------------------------|
| New Jersey | <u><u>\$1,299,802</u></u> |

Note 2 – Losses and Loss Adjustment Expenses

The Company's reported liabilities at December 31, 2023 for unpaid Losses and unpaid Loss Adjustment Expenses, net of reinsurance, amounted to \$0 and \$0, respectively.

An actuarial review of the Loss and Loss Adjustment Expenses Reserves was performed on a group basis in conjunction with the coordinated exam by Risk & Regulatory Consulting, LLC representing the lead state. The Property & Casualty Actuarial Division of the NJDOBI reviewed the Report on the Actuarial Examination. This review determined that the year-end loss provisions established by the Company were reasonably stated.

Note 3 – Surplus as Regards Policyholders

The Company reported total Surplus in the amount of \$54,606,159 at December 31, 2023.

The Company's common capital stock was \$3,500,000 consisting of 35,000 shares issued and outstanding, each with a \$100.00 par value. The shares of the Company are owned by its parent, AGRUS.

During this examination period, the Company paid no dividends to its Parent. At December 31, 2023, the Company had unassigned funds (surplus) of \$14,481,159 and total gross paid-in and contributed surplus of \$36,625,000. The Company was determined to be in compliance with the minimum capital and surplus requirements of the State of New Jersey at December 31, 2023.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no recommendations.

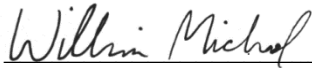
SUBSEQUENT EVENTS

There were no significant subsequent events which would have a material effect on the financial condition of the Company.

CONCLUSION

The courteous assistance and cooperation of the Company's officers and employees is acknowledged.

Respectfully Submitted,



William Michael, CFE
Risk and Regulatory Consulting, LLC
Examiner-In-Charge
Representing the State of New Jersey

Under the supervision of,



Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance
Office of Solvency Regulation

CERTIFICATION

The undersigned hereby, do solemnly swear that the foregoing report of examination hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023 to the best of my knowledge and belief.

Respectfully Submitted,

William Michael

William Michael, CFE
Risk and Regulatory Consulting, LLC
Examiner-In-Charge
Representing the State of New Jersey

Under the supervision of,

Nancy Lee Chice

Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance
Office of Solvency Regulation

State of New Jersey
County of Mercer

Subscribed and sworn to before me, on this 22nd day of May 2025.

Shirley M. Flans
Notary Public of New Jersey

My commission expires: July 2025