

**EXAMINATION REPORT**  
**OF**  
**THE NORTH RIVER INSURANCE COMPANY**  
**MORRISTOWN, NEW JERSEY**  
**AS OF**  
**DECEMBER 31, 2023**  
**NAIC COMPANY CODE 21105**  
**NAIC GROUP CODE 0158**

FILED  
May 21, 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

OFFICE OF SOLVENCY REGULATION

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May 15, 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 authority vested in you by the Revised Statutes of New Jersey, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

THE NORTH RIVER INSURANCE COMPANY  
MORRISTOWN, NEW JERSEY  
NAIC GROUP CODE 0158  
NAIC COMPANY CODE 21105

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, The North River Insurance Company will be referred to in this report as the "Company".

## **SCOPE OF THE EXAMINATION**

This risk-focused examination was called by the Commissioner of Banking and Insurance of the State of New Jersey pursuant to the authority granted by Section 17:23-22 of the New Jersey Revised Statutes.

This examination was performed as a coordinated group (Group) examination and covers the period January 1, 2020 to December 31, 2023, with a review of such prior and subsequent transactions as deemed necessary. This examination was conducted as part of a multi-state coordinated examination of the Group.

The New Jersey Department of Banking and Insurance (“NJDOBI”) conducted the examination in accordance with the 2023 edition of the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (the “NAIC Handbook”). The NAIC Handbook requires NJDOBI to plan and perform the examination in order to evaluate the financial condition and identify prospective risks of the Company. To meet these objectives NJDOBI obtained information regarding the Company’s corporate governance environment, identified and assessed inherent risks to which it is exposed and evaluated the Company’s system of internal controls and procedures used to mitigate identified risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation, management’s compliance with Statutory Accounting Principles and Annual Statement instructions when applicable to domestic state regulations. All accounts and activities of the Company were considered in accordance with the risk-focused examination process and NJDOBI.

This examination was conducted concurrently with eleven (11) Crum and Forster insurance companies (10 P&C and 1 Life) as follows:

1. American Underwriters Insurance Company (AUIC)	Arkansas
2. United States Fire Insurance Company (USFire)	Delaware
3. Crum & Forster Specialty Insurance Company (CFSIC)	Delaware
4. Crum & Forster Indemnity Company (CFIIC)	Delaware
5. First Mercury Insurance Company (FMIC)	Delaware
6. MTAW Insurance Company (MTAW)	Delaware
7. Seneca Specialty Insurance Company (SSIC)	Delaware
8. Crum & Forster Insurance Company (CFIC)	New Jersey
<b>9. The North River Insurance Company (Company)</b>	<b>New Jersey</b>
10. Seneca Insurance Company Incorporated (SICI)	New York
11. Monitor Life Insurance Company (MLIC)	New York

## **HISTORY AND KIND OF BUSINESS**

The Company was incorporated under the laws of the State of New Jersey and received its Certificate of Incorporation on June 12, 1972, for the purpose of assuming the business of

The North River Insurance Company, domiciled in New York. The predecessor company had been incorporated on February 6, 1822, under the laws of New York and was operating as a multiple line property and casualty insurer at September 30, 1972, the date of its merger with the successor company. The Company commenced business on October 1, 1972.

In 1982, Xerox Financial Services, Inc., a wholly-owned subsidiary of Xerox Corporation, acquired the Company's then parent, Crum & Forster Holdings Corporation ("Holdings"), which was also wholly-owned subsidiary of Xerox Corporation at the time.

On September 3, 1993, Holdings, a Delaware corporation that was wholly-owned by Talegen Holdings, Inc., acquired all of the Company's stock. Talegen Holdings, Inc. was a Delaware corporation that was wholly-owned by Xerox Financial Services, Inc., which was wholly-owned by Xerox Corporation.

The authorized capital stock of the Company as of December 31, 2023 was 25,000 common shares with a par value of \$168 per share for a total capital value of \$4,200,000. All of the outstanding stock of the Company is owned by US Fire, which is wholly-owned by Crum & Forster, which is a wholly-owned subsidiary of Fairfax US Inc., which is substantially owned by Fairfax Financial Holdings Limited Group Ltd., which is a wholly-owned subsidiary of Fairfax Financial Holdings Limited ("FFHL"), Toronto, Ontario, Canada, a publicly traded holding company.

The Company is presently authorized to transact the kinds of insurance in New Jersey specified in the following paragraphs of N.J.S.A. 17:17-1 et seq. a, b, d, e, f, g, i, j, k, l, m, n, and o. As of 12/31/2023, the Company's top five lines of business by Direct Premium Written were: Other Liability Occurrence (26.1%) Other Health (25.9%), Workers Compensation (11.2%), Fire (9.8%), and Other Liability Claims Made (5.7%).

The Company's statutory home office is located at 305 Madison Avenue, Morristown, NJ 07962. The Company's agent upon whom legal process against the Company may be served in New Jersey is located at the above address. The registered agent is Sonia Scala.

### **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2023, the Company was licensed to transact multiple property and casualty lines of insurance in all fifty states and the District of Columbia.

The Company and the insurers in the Group are national commercial property and casualty insurers with a focused underwriting strategy, targeting specialty classes of business and underserved market opportunities. The Group writes business through approximately 2,000 insurance producers nationwide who, on a direct written basis, generally fall into the following categories: wholesale brokers 35%, independent regional retail firms 25%, national brokers 6%, managing general underwriters ("MGU") / managing general agents ("MGA") 23% and direct 11%. Specialty program business is written through MGUs where appropriate for the class (Accident & Health (A&H), Bail Bonds, and Excess & Surplus binding authorities). The Group generally conducts business on a brokerage basis through their home office and regional branch

network, allowing them to control the underwriting process and build close relationships with producers and policyholders. The Group has producers located throughout the United States, writing a broad range of coverage, including general liability, A&H, workers' compensation on both a guaranteed cost and large deductible basis, excess and umbrella, commercial multi-peril, environmental, and commercial automobile.

## **MANAGEMENT AND CONTROL**

The affairs of the Company are managed, and its corporate powers are exercised by a three (3) member Board of Directors. All the Board members are senior officers of the Company. Officers and Directors as of December 31, 2023, are as follows:

<b><u>Directors:</u></b>	<b><u>Principal Occupation</u></b>
Mark James Adee	Chairman of the Board, President & Executive Officer
Arlene Ambrose Paladino	Chief Financial Officer and Senior Vice President
Alejandro Morales	Senior Vice President

A review of the minutes of the meetings of the Stockholders, Directors and Committees indicates that the Directors adequately approve and support Company transactions and events.

## **Officers**

<b><u>Name</u></b>	<b><u>Principal Occupation</u></b>
Marc James Adee	Chairman of the Board, President & Chief Executive Officer
Arleen Ambrose Paladino	Senior Vice President and Chief Financial Officer
Michael Patrick McTigue	Senior Vice President, General Counsel & Secretary
Alejandro Morales	Senior Vice President
Jennifer Susan Byington	Senior Vice President
Carmine Scaglione	Senior Vice President & Controller
George Robert French	Vice President & Treasurer

N.J.S.A. 17:27A-4d (3) states as follows: "Not less than one-third of the directors of a 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 as follows: "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 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 and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be the principal officers of the insurer and recommending to the board of directors the selections and compensation, including bonuses or other special payments, of the principal officer."

N.J.S.A. 17:27A-4d (5) states as follows: "The provisions of paragraphs (3) and (4) of this subsection 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."

C&F has a board of directors and committees that substantially meet the requirements of N.J.S.A. 17:27A paragraphs (3) and (4), therefore, these sections do not apply to the Company.

### **Committees of the Board**

The Audit Committee is composed entirely of members of Fairfax executive management, and as such, is independent from the company's management. There is also an investment and compensation committee at the Board Level. The following Fairfax employees sit on Crum Holdings Audit Committee:

<b><u>Name</u></b>	<b><u>Occupation</u></b>
Jennifer Allen	Chief Financial Officer of FFHL
Peter Clarke	Chief Risk Officer of FFHL
Oliver Quensnel	VP and Chief Actuary of FFHL

The Company is in compliance with N.J.S.A. 17:27A-4d (5), as the ultimate controlling entity, C&F maintains an Audit Committee which perform the designated responsibilities as outlined in N.J.S.A. 17:27A-4d (4), and the committee is made up of outside directors.

### **CONFLICT OF INTEREST**

The Company has a formal "Code of Business Conduct and Ethics", which includes a conflicts of interest policy and procedure for the annual disclosure to its Board of Directors, Officers and other Employees should avoid any situation where the personal interest of such director, officer or employee conflicts, or may appear or be likely to conflict, with those of the Company.

A review of senior management and the Board of Directors questionnaires for the examination period revealed no conflicts of interest.

## **PARENT, SUBSIDIARIES AND AFFILIATES**

### **Insurance Holding Company System**

The Company is a member of an insurance holding company system known as FFHL as defined by N.J.S.A. 17:27A-1. A review of the Company's holding company registration statements 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.

FFHL is a publicly listed company whose subordinate voting shares trade on the Toronto Stock Exchange under the symbol FFH. As of December 31, 2023, FFHL had consolidated assets (IFRS Basis) of \$91.985 million and shareholders' equity of \$27.709 million.

The companies in the Crum & Forster sub-group are ultimately 100% owned by CFH, which is 100% owned by Fairfax US Inc., which is 100% owned by FFHL, which is 100% owned by FFH. V. Prem Watsa and The Watsa Family Trust, which collectively owned or controlled 10% or more of the voting shares of the Company as of the examination date, are considered controlling entities of the Company.

An abbreviated organizational chart of FFHL as of December 31, 2023, with domicile in brackets, along with the control percentages of the upstream affiliates' control of the downstream affiliate is presented below:

		Equity Ownership Percentage	Voting Control Percentage	
V. Prem Watsa and the Watsa Family Trust {1} {8}	{2}	9.84 %	43.88%	{3}
All Other Publicly Traded Shares Held {4}	{5}	90.16%	56.12%	{6}
Fairfax Financial Holdings Limited [Canada] {7}		100.0%	100.0%	
FFHL Group Ltd. [Canada]		100.0%	100.0%	
Fairfax (US) Inc. [DE]		100.0%	100.0%	
Crum & Forster Holdings Corp. [DE]		100.0%	100.0%	
<b>United States Fire Insurance Company [DE]</b>		100.0%	100.0%	
Crum & Forster Specialty Insurance Company [DE]		100.0%	100.0%	
Crum & Forster SPC Reinsurance Company [Cayman]		100.0%	100.0%	
Crum & Forster SPC [Cayman Islands]		100.0%	100.0%	
American Underwriters Insurance Company [AK]		100.0%	100.0%	
The North River Insurance Company [NJ]		100.0%	100.0%	
Seneca Insurance Company, Inc. [NY]		100.0%	100.0%	
Seneca Specialty Insurance Company		100.0%	100.0%	
Crum & Forster Insurance Company [NJ]		100.0%	100.0%	
Crum & Forster Indemnity Company [DE]		100.0%	100.0%	
First Mercury Insurance Company [DE]		100.0%	100.0%	
MTAW Insurance Company [DE]		100.0%	100.0%	
Monitor Life Insurance Company of New York		100.0%	100.0%	

As of December 31, 2023, unless otherwise indicated.



Notes 1 through 8 more fully describe the ownership and voting percentages throughout the holding company.

{1} Through voting and economic ownership control, both directly and indirectly, of the following individual and entities: Mr. V. Prem Watsa, 2771489 Canada Limited, The Second 1109 Holdco Limited, and The Sixty-Two Investment Company Limited

{2} Calculated as follows:

Description	Shares Outstanding	Shares Owned/Controlled	Percentage of total shares outstanding
Total Single Voting Shares (SVS) outstanding	22,254,478		
<b>Prem Watsa SVS Shares:</b>			
SVS Shares owned through Second 810 HoldCo Ltd.		257,517	1.1572%
SVS Shares owned through 12002574 Canada Inc.		195,100	.8767%
SVS shares held directly {8}		289,491	1.3008%
SVS Shares held through Sixty Two HoldCo		50,620	.2275%
Additional SVS shares under control and direction		2,100	.0094%
<b>Total SVS shares owned/controlled</b>		794,828	3.5715%
Total MVS Shares Outstanding	1,548,000		
MVS Shares owned and controlled through Sixty Two Holdco		1,548,000	100%
Total MVS + SVS Shares Outstanding	23,802,478		
<b>Total MVS + SVS Shares owned and controlled by Mr. Watsa</b>		2,342,828	9.8428%

{3} Calculated as 1.95% through ownership of SVS shares held by V. Prem Watsa directly and/or through the Second 810 HoldCo Ltd. and 12002574 Canada Inc. as delineated in Note 2 above (including 2100 additional SVS shares under his control

and/or direction) and 41.93% through ownership of MVS and SVS Shares held through Sixty-Two HoldCo. It should be noted that pursuant to Canadian securities filing requirements, the 2100 subordinate voting shares owned by immediate family members of Mr. Watsa are also considered to be under the control and/or direction of Mr. Watsa and are therefore included in the voting control percentages reported herein.

{4} No other individual or entity owns or controls greater than 10% of the voting common shares of FFH as of December 31, 2023

{5} Calculated as 100.00% - 9.84% {2}

{6} Calculated as 100.00% – 43.88% {3}

{7} FFH common shares are publicly traded on the Toronto Stock Exchange (TSX) in Canadian dollars under the symbol FFH and in US dollars under the symbol FFH.U. At December 31, 2023, FFH has issued 1,548,000 multiple voting common shares, 22,254,478 subordinate voting common shares, and 58,239,178 non-voting preferred Series C through M. FFH's equity attributable to Shareholders at December 31, 2023, totals \$22,950.5 million (\$ U.S.) which consists of \$21,615 million (includes \$3.8 million of multiple voting shares) related to voting common shares (94.18% of the total) and \$1,335.5 million related to non-voting preferred shares (05.82% of the total).

{8} On May 13, 2024, FFHL re-purchased 275,000 SVS from Mr. Watsa for cancellation, reducing the number of shares held directly by Mr. Watsa to 14,491. As a result, the 1.95% year-end 2023 ownership percentage shown in Note 3 above would be reduced to approximately 1.24% after cancellation in 2024.

## **INTERCOMPANY AGREEMENTS**

### Affiliated Agreements:

The Company has entered into various agreements with members of the affiliated group in an effort to obtain efficiencies in operations and limit cost. The Company had the following material intercompany agreements in effect as of December 31, 2023:

### Administrative Service Agreements

The Company is a party to an administrative service agreement with its affiliate, USFire. Under terms of the agreement USFire performs all administrative services such as underwriting, claim and administrative services on behalf of the Company. Operating expenses incurred in the performance of services are allocated in accordance with SSAP 70. Pool participants are charged their respective shares of operating expenses.

### Tax Allocation Agreement

The Company is a party to a tax allocation agreement with the Parent along with certain of its affiliates effective January 1, 2009. The Parent, the Company and affiliates constitute an affiliated group and have elected to file a consolidated return under the provisions of §1501 of the Internal Revenue Code of 1986. Pursuant to the terms of the tax allocation agreement, no party will be required to pay more in taxes or receive a lesser payment or a refund than it would have paid or received if it computed its taxes independently and filed a separate tax return.

Additionally, the Company has an enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

#### Master Repurchase Agreement

The Company is a party to a master repurchase agreement with FFHL effective January 8, 2004. The agreement provides for the repurchase of securities that are transferred to FFH from time to time in order to provide liquidity in the event that the Company is required to pay claims or other corporate obligations.

Pursuant to the agreement, the Company is obligated to repurchase from FFHL securities that are transferred for this purpose before the end of each calendar year in which the original purchase took place at a price equal to the amount initially raised from their sale plus the stated interest rate for each security pursuant to the initial sale. During the time that such securities are transferred to FFH, the Company is entitled to receive income payable on such securities. There were no transactions under this agreement during the examination period.

#### Investment Agreement

The Company is a party to an investment management and administrative services agreement among Hamblin Watsa Investment Counsel Ltd. (Hamblin Watsa) and FFH effective October 1, 2002 and amended April 1, 2007. Pursuant to the agreement, Hamblin Watsa is authorized to supervise and direct all investments of the Company and to exercise whatever powers the Company may possess with respect to its invested assets. Investment transactions will be in accordance with investment objectives of the Company and subject to restrictions established by the Company, as communicated to Hamblin Watsa in writing from time to time.

Subject to these limitations, Hamblin Watsa may buy, sell, exchange, convert and otherwise trade in and engage in investment transactions of any nature whatsoever involving any stocks, bonds, commercial paper, money market instruments and other securities and assets when it deems appropriate and without prior consultation with the Company.

#### Master Administrative Service Agreements

The Company is a party to an administrative service agreement with various affiliates, effective November 1, 2014 and amended August 1, 2018. The agreement allows for the exchange of certain administrative and general services between affiliates.

### **REINSURANCE**

The Company is a participant in a 100% Reinsurance Participation Agreement with other members of the Group by which the premiums, losses and other underwriting expenses of each participant are pooled by means of mutual reinsurance on a fixed percentage basis as follows:

<u>Pool Participants</u>	<u>NAIC #</u>	<u>Percentages</u>
USF	21113	76%
Company	21105	22%

CFIC	42471	1%
CFIIC	31348	1%

The Agreement provides that USF, acting as the lead company, assumes from the Pool Participants 100% of their premiums, losses and other underwriting expenses and, in turn, cedes to each Pool Participant its percentage of premiums, losses and other underwriting expenses. Accounts are rendered at monthly intervals and are settled no later than thirty days after the close of the month. The obligation for insurance ceded by the Pool Participants to USF does not relieve the Pool Participants of their primary liability as the originating insurers.

### **FIDELITY BOND AND OTHER INSURANCE COVERAGES**

As of December 31, 2023, Holdings on behalf of the Company had in effect a Financial Institution Bond in the amount of \$10,000,000 with an aggregate limit of \$20,000,000. In addition, various types of insurance policies, including but not limited to: Property, Commercial General Liability, Business Auto, Umbrella, Travel Accident, Excess Liability, Fiduciary Liability, Workers' Compensation and Foreign package was maintained.

### **TREATMENT OF POLICYHOLDERS**

The review of the Company's complaint log indicated that the Company maintains its complaint log in accordance with N.J.S.A. 17:29B-4(10).

### **STATUTORY DEPOSITS**

As of December 31, 2023, the Company had one statutory deposit for the benefit of policyholders. This statutory deposit of security had a total market value of \$4,692,150.00 and consisted of a U.S. Treasury Note, 4.625% due September 30, 2030. Special deposits were verified with the NJDOBI.

### **FINANCIAL STATEMENTS AND OTHER EXHIBITS**

Exhibit A – Balance Sheet as of December 31, 2023

Exhibit B – Underwriting and Investment Exhibit for the four-year Period  
Ended December 31, 2023

Exhibit C – Capital and Surplus Account for the four-year Period  
Ended December 31, 2023

**STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND  
OTHER FUNDS AT DECEMBER 31, 2023**  
**EXHIBIT A**

	Balance per <u>Company</u>	Balance per <u>Examination</u>	<u>Note</u>
<b>Asset:</b>			
Bonds	\$660,057,047	\$660,057,057	1
Preferred stocks	25,516,370	25,516,370	1
Mortgage loans on real estate	435,324,145	435,234,145	
Common stocks	310,327,960	310,327,796	1
Cash & short-term investments	15,302,796	15,302,796	
Derivatives	1,869,326	1,869,326	
	92,339,001	92,339,001	
Other invested assets	10,579,598	10,579,598	
Investment income due and accrued			
Uncollected premiums and agents' balances	127,054,902	127,054,902	
Deferred premiums	19,764,018	19,764,018	
Accrued retrospective premiums	3,464,000	3,464,000	
Amounts recoverable from reinsurers	39,872,420	39,872,420	
Fund held by reinsured companies	44,499,745	44,499,745	
Net deferred tax assets	49,227,967	49,227,967	
Receivable from parent, subsidiaries or affiliates	10,841,096	10,841,096	
Aggregate write-ins for other than invested assets	<u>33,316,397</u>	<u>33,316,397</u>	
<b>Total Assets</b>	<u>\$1,879,357,788</u>	<u>\$1,879,357,788</u>	
<b><u>Liabilities:</u></b>			
Losses	\$771,334,458	\$771,334,458	2
Reinsurance payable on paid losses and loss adjustment expenses	21,858,426	21,858,426	
Loss adjustment expenses	125,184,697	125,184,593	2
Commissions payable	4,877,593	4,877,593	
Taxes, licenses and fees	1,788,526	1,788,526	
Current federal and foreign income taxes	1,075,360	1,075,360	
Unearned premiums	324,362,841	324,362,841	
Advance premium	6,345,027	6,345,027	
Ceded reinsurance premiums payable	44,405,442	44,405,442	
Funds held by company under reinsurance treaties	18,332,038	18,332,038	
Provision for reinsurance	500,839	500,839	
Payable to parent, subsidiaries and affiliates	12,264,378	12,264,378	
Derivatives	2,446,489	2,446,489	
Payable for securities	6,201,643	6,201,643	
Aggregate write-ins	<u>650,046</u>	<u>650,046</u>	
<b>Total liabilities</b>	<u>\$1,375,266,745</u>	<u>\$1,375,266,745</u>	
Common capital stock	\$4,200,000	\$4,200,000	3
Gross paid in and contributed surplus	162,599,823	162,599,823	3
Unassigned funds	<u>337,291,220</u>	<u>337,291,220</u>	3
Surplus as regards policyholders	<u>504,091,043</u>	<u>504,091,043</u>	3
<b>TOTALS</b>	<u>\$1,879,357,788</u>	<u>\$1,879,357,788</u>	

**SUMMARY OF OPERATIONS**  
**FOR THE FOUR-YEAR PERIOD ENDING DECEMBER 31, 2023**  
**EXHIBIT B**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b><u>UNDERWRITING INCOME</u></b>				
Premiums earned	\$533,754,248	\$552,824,637	\$760,201,219	\$823,473,606
Deductions:				
Losses incurred	290,818,457	286,330,366	414,799,606	490,246,397
Loss adjustment expenses incurred	42,799,695	28,904,312	57,115,325	64,268,280
Other underwriting expenses incurred	<u>193,997,813</u>	<u>223,842,096</u>	<u>249,967,492</u>	<u>256,578,209</u>
Total underwriting deductions	<u>527,615,965</u>	<u>539,076,774</u>	<u>721,882,423</u>	<u>811,092,886</u>
Net underwriting gain or (loss)	6,138,283	13,747,863	38,318,796	12,380,720
<b><u>INVESTMENT INCOME</u></b>				
Net investment income earned	25,988,346	17,283,982	26,097,835	63,779,372
Net realized capital gains or (losses)	<u>(4,770,098)</u>	<u>(21,213,127)</u>	<u>4,303,090</u>	<u>9,501,751</u>
Net investment gain or (loss)	21,218,248	(3,929,145)	30,400,925	73,281,123
<b><u>OTHER INCOME</u></b>				
Net Gain or Loss from Agents				
Balances	(109,370)	18,236	(5,756)	(46,459)
Finances and service charges	589,824	901,904	926,490	(319)
Miscellaneous Income	<u>(21,379)</u>	<u>(1,406,650)</u>	<u>(986,403)</u>	<u>(1,373,556)</u>
Total Other Income	459,075	(486,510)	\$(65,669)	(1,420,334)
Net income before dividends to policyholders and before federal and foreign income taxes	27,815,606	9,332,208	68,654,052	84,241,509
Dividends to policyholders	\$0	\$0	\$0	\$0
Net income after dividends to policyholders but before federal and foreign income taxes	27,815,606	9,332,208	68,654,052	84,241,509
Federal and foreign income taxes incurred	<u>8,886,427</u>	<u>12,449,199</u>	<u>17,116,750</u>	<u>21,205,913</u>
<b><u>NET INCOME</u></b>	<u>\$18,929,179</u>	<u>\$(3,116,991)</u>	<u>\$51,537,302</u>	<u>\$63,035,596</u>

**CAPITAL AND SURPLUS ACCOUNT FOR THE  
FOUR-YEAR ENDING DECEMBER 31, 2023**  
**EXHIBIT C**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Surplus as regards policyholders: December 31, prior year	\$299,689,548	\$341,633,353	\$380,201,968	\$398,136,326
Net income	18,929,179	(3,116,991)	51,537,302	63,035,596
Change in unrealized capital gains (losses)	25,055,406	32,465,225	(31,374,222)	850,901
Change in unrealized foreign exchange	(917,496)	3,846,956	(4,460,403)	(242,627)
Change in net deferred income tax	2,125,693	6,094,330	2,238,767	2,348,785
Change in nonadmitted assets	5,002,804	(445,729)	285,637	(869,646)
Change in provision for reinsurance	(353,600)	(275,286)	(292,723)	831,708
Paid in surplus adjustment	0	0	0	40,000,000
Dividend to stockholders	(7,898,181)	0	0	0
Increase or (decrease) in surplus as regards policyholders	<u>41,943,805</u>	<u>38,568,615</u>	<u>17,934,358</u>	<u>105,954,717</u>
Surplus as regards policyholders: December 31, current year	<u>\$341,633,353</u>	<u>\$380,201,968</u>	<u>\$398,136,326</u>	<u>\$504,091,043</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1 – BONDS**

The Company reported an admitted asset for bonds, preferred stocks and common stocks of \$660,057,047, \$25,516,370 and \$310,327,960, respectively at December 31, 2023. These amounts will be accepted as stated by this examination.

### **Note 2 – LOSSES**

At December 31, 2023, the Company reported a net liability for Losses and Loss Adjustment Expenses of \$771,334,458 and \$125,184,697, respectively. The actuarial review of the Loss and Loss Adjustment Expenses Reserves was performed in conjunction with the coordinated exam. The Property & Casualty Actuarial Division of the NJDOBI reviewed the Report on the Actuarial Examination.

### **Note 3 – CAPITAL AND SURPLUS**

This examination determined total capital and surplus to be in the amount of \$504,091,043 which agrees with the amount reported by the Company at December 31, 2023, as summarized:

Common Capital Stock	\$ 4,200,000
Gross Paid In and Contributed Surplus	162,599,823
Unassigned Funds (Surplus)	<u>337,291,220</u>
Total	<u>\$504,091,043</u>

## **SUMMARY OF EXAMINATION RECOMMENDATIONS**

There were no recommendations.

### **SUBSEQUENT EVENTS**

No material subsequent events occurred after December 31, 2023.



## **CONCLUSION**

The undersigned hereby certifies that an examination has been made of The North River Insurance Company and the foregoing report is true to the best of my knowledge and belief.

Respectfully submitted,



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Lori Ruggiero, CFE, CIE, MCM  
Examiner-in-Charge  
The NOVO Consulting Group, LLC  
Representing the State of New Jersey  
Department of Banking and Insurance

Under the supervision of:



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

**NOTARIZATION**

**The North River Insurance Company**

I, Lori Ruggiero, do solemnly swear that the foregoing report of examination is 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 information, knowledge, and belief.

Respectfully Submitted,

*Lori Ruggiero*

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Lori Ruggiero, CFE, CIE, MCM  
Examiner-in-Charge  
The NOVO Consulting Group, LLC  
Representing the State of New Jersey  
Department of Banking and Insurance

Under the supervision of:

*Nancy Lee Chice*

\_\_\_\_\_  
Nancy Lee Chice, CFE  
CFE Reviewer – Supervising Examiner  
New Jersey Department of Banking and Insurance

State of New Jersey  
County of Mercer

Subscribed and sworn to before me, Sheila M. Tkacs, on  
this 15<sup>th</sup> day of May, 2025.

*Sheila M. Tkacs*  
\_\_\_\_\_  
Notary Public of New Jersey

My commission expires: July 2025