STATE OF NORTH DAKOTA

BISMARCK, NORTH DAKOTA

REPORT OF EXAMINATION

OF

U.S. UNDERWRITERS INSURANCE COMPANY
BISMARCK, NORTH DAKOTA

AS OF
DECEMBER 31, 2023

STATE OF NORTH DAKOTA

INSURANCE DEPARTMENT

I, the undersigned Insurance Commissioner of the State of North Dakota do hereby certify that I have compared the annexed copy of the Report of Examination of the

U.S. Underwriters Insurance Company

Bismarck, North Dakota

as of December 31, 2023, with the original on file in this Department and that the same is a correct transcript therefrom and of the whole of said original.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City of Bismarck, this 31st day of July, 2025.

Jon Godfread
Insurance Commissioner

TABLE OF CONTENTS

SCOPE OF EXAMINATION 1

STATUS OF PRIOR EXAMINATION FINDINGS 2

SUMMARY OF SIGNIFICANT FINDINGS 2

SUBSEQUENT EVENTS 2

HISTORY 2

General 2
Capital Stock 3

MANAGEMENT AND CONTROL 3

Dividends to Stockholders 3
Management 3
Board of Directors 3
Officers 4
Committees 4

CORPORATE RECORDS 4

Conflict of Interest 4
Board of Directors, Stockholders and Committee Minutes 4
Articles of Incorporation and Bylaws 5

AFFILIATED COMPANIES 5

Holding Company System 5

INTERCOMPANY AGREEMENTS 5

Expense Sharing Agreement 5
Intercompany Allocation Agreement: Multi-Cedent Reinsurance 6
Investment Services Agreement 6
Federal Income Tax Agreement 6

FIDELITY BONDS AND OTHER INSURANCE 6

STATUTORY DEPOSITS 6

REINSURANCE 7

Ceded 7

ACCOUNTS AND RECORDS 9

FINANCIAL STATEMENTS 9

Statement of Assets, Liabilities, Surplus, and Other Funds 10
Statement of Assets, Liabilities, Surplus, and Other Funds 11
Underwriting and Investment Exhibit 12
Reconciliation of Capital and Surplus Accounts 13

CONCLUSION 14

Bismarck, North Dakota
May 28, 2025

Honorable Jon Godfread
Insurance Commissioner
North Dakota Insurance Department
600 East Boulevard Avenue
Bismarck, ND 58505-0320

Dear Commissioner:

Pursuant to your instructions and statutory requirements, an examination has been conducted of the financial condition of and business affairs of:

U.S. Underwriters Insurance Company

Statutory Home Office
101 Slate Drive, Suite 4
Bismarck, North Dakota 58503

Administrative Offices
1190 Devon Park Drive
Wayne, PA 19087

hereinafter also referred to as the "Company" or "USUIC", was last examined as of December 31, 2018, by Examiners representing the North Dakota Insurance Department, hereinafter referred to as the "Department".

The present examination was conducted as of December 31, 2023, by representatives of the Department.

SCOPE OF EXAMINATION

This examination was a multi-state, risk focused financial condition examination conducted in accordance with N.D.C.C. ("N.D.C.C.") § 26.1-03-19.3 and observed guidelines and procedures contained in the NAIC *Financial Condition Examiners Handbook*. The examination was conducted to determine the Company's financial condition, its compliance with statutes, and to review the corporate affairs and insurance operations. The last examination covered the period of January 1, 2014, to December 31, 2018. This examination covers the period of January 1, 2019 through December 31, 2023, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this statutory examination.

The examination was conducted in accordance with examination policies and standards established by the Department and procedures recommended by the NAIC. In accordance with the NAIC *Financial Condition Examiners Handbook*, the examination was planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks.

The examination also included identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. Statements were prepared by management and are therefore the responsibility of management. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

The following companies were examined concurrently with the above cited examination:

Company	State of Domicile	NAIC Code
Mount Vernon Fire Insurance Company ("MVF")	Nebraska	26522
Mount Vernon Specialty Insurance Company ("MVS")	Nebraska	14420
Radnor Specialty Insurance Company ("RSI")	Nebraska	15756
United States Liability Insurance Company ("USLI")	Nebraska	25895

STATUS OF PRIOR EXAMINATION FINDINGS

There were no examination findings in the preceding Report on Examination which covered the period from January 1, 2014, to December 31, 2018.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings or material changes in the financial statements.

SUBSEQUENT EVENTS

The Company entered into an Investment Services Agreement with affiliates under which Berkshire acts as Manager to provide investment management services to USLI and affiliates under an agreement amendment effective March 13, 2024.

HISTORY

General

The Company was originally incorporated under the laws of the State of Delaware on January 10, 1972, and commenced business on December 27, 1977. Effective December 30, 1992, the Company changed its state of domicile to North Dakota. The Company currently operates in North Dakota as a stock insurance company.

The Company's immediate parent, Mount Vernon Fire Insurance Company redomesticated to Nebraska from Pennsylvania, effective December 13, 2021

Capital Stock

At December 31, 2023, 840,000 shares of common stock, with a par value of $5 per share and an aggregate value of $4,200,000 were issued and outstanding.

The Company's original Articles of Incorporation authorized the Company to issue 200,000 shares of common stock with a par value of $5 per share. In 2014, the Company amended its Articles of Incorporation to authorize and issue 840,000 shares of common stock with a par value of $5 per share.

There were no changes made to the common capital stock during the years under examination.

MANAGEMENT AND CONTROL

Dividends to Stockholders

No dividends were paid during the examination period.

Management

The Company's Articles of Incorporation provide that the Board of Directors shall consist of not less than 3 and no more than 21 persons.

Board of Directors

Management of the Company is vested in its Board of Directors ("Board"), which was comprised of the following members at December 31, 2023:

Name and Address	Principal Occupation
Mark Anthony Addiego Columbus, New Jersey	Executive Vice President, Chief Actuarial Officer of the Company
Marc David Hamburg Omaha, Nebraska	Senior Vice President, Chief Financial Officer of Berkshire Hathaway Inc.
Andrew Michael Mitala Phoenixville, Pennsylvania	President, Chief Underwriting Officer of the Company
Sasha Dundi Moul Collegeville, Pennsylvania	Executive Vice President of the Company
Thomas Patrick Nerney Wayne, Pennsylvania	President, Chairman, Chief Executive Officer of the Company

Lauren Anne Reiley Hatfield, Pennsylvania	Executive Vice President, Chief Operating Officer, Counsel, Corporate Secretary of the Company
Steven John Rivituso West Chester, Pennsylvania	Executive Vice President, Controller, Treasurer of the Company
Thomas Christopher Snyder Exton, Pennsylvania	Division President of the Company

Officers

The Bylaws provide that the officers of the corporation shall be a President, a Vice President, a Secretary, a Treasurer, and such other Officers and Assistant Officers as may be deemed necessary may be elected or appointed by the Directors.

The following is a partial listing of Senior Officers elected and serving the Company at December 31, 2023:

Name	Officer
Thomas Patrick Nerney	President, Chairman, Chief Executive Officer
Lauren Anne Reiley	Executive Vice President, Chief Operating Officer, Counsel, Corporate Secretary
Steven John Rivituso	Executive Vice President, Controller, Treasurer

Committees

Article XII provides that, “The board of directors may appoint an executive committee from among their number, which committee, to the extent provided in the by-laws, may exercise all the powers of the board of directors in the management of the business and affairs of the corporation during the intervals between the meeting of the board of directors, so far as may be permitted by law.” No committees were designated by the Board as of December 31, 2023.

CORPORATE RECORDS

Conflict of Interest

The Company has a conflict of interest statement asserting that each director or officer has reviewed the policy, and that they are not aware of any conflict of interest or that they have disclosed the conflict of interest to the Company. These statements are submitted to and reviewed by the Company’s General Counsel.

Board of Directors, Stockholders and Committee Minutes

The minutes of the Board of Directors and stockholder meetings for the period under examination were read and no exceptions were noted. As the meeting minutes of Executive and Investment Committees are not maintained by the Group and all the other relevant committees are at the Berkshire Hathaway level, no committee meeting minutes were reviewed for the exam period.

Articles of Incorporation and Bylaws

There was one amendment made to the Company's Articles of Incorporation during the examination period, changing the statutory address in 2023, and no changes were made to the Bylaws. The Articles were amended in 2014 to permit issuance of additional capital stock.

AFFILIATED COMPANIES

Holding Company System

The Company is a member of an insurance holding company system as defined by North Dakota Statute. An organizational listing flowing from the “Ultimate Controlling Person,” as reported in the 2023 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations and all subsidiaries are 100% owned):

Berskhire Hathaway Inc. (DE)
- U.S. Investment Corporation (PA)
  - United States Liability Insurance Company (NE)
    - Mount Vernon Fire Insurance Company (NE)
      - U.S. Underwriters Insurance Company (ND)
    - Mount Vernon Specialty Insurance Company (NE)
      - Radnor Specialty Insurance Company (NE)

USLI and its subsidiaries Mount Vernon Fire Insurance Company and U.S. Underwriters Insurance Company, Mount Vernon Specialty insurance Company and its subsidiary, Radnor Specialty Insurance Company, form the United States Liability Insurance Group (the USLI Group). The companies have common management, claims, marketing and support staff. The companies have separate underwriting staff.

INTERCOMPANY AGREEMENTS

Expense Sharing Agreement

Effective November 17, 2003, the Company entered into an Expense Sharing Agreement (“Expense Agreement”) with its affiliates United States Liability Insurance Company and Mount Vernon Fire Insurance Company. The Companies share the same offices, facilities and staff and the Expense Agreement states that general expenses will be allocated based on the net premium writings of each company in relation to the total for the group. The Agreement was amended on December 7, 2006, to state that balances under the Agreement are due 60 days after the end of each quarter. The Agreement was amended on November 9, 2012, to include Mount Vernon Specialty Insurance Company. The Agreement and the amendment were in writing and were approved by the Board of Directors.

Effective November 6, 2013, the Agreement was revised to add certain provisions required by the New York Department of Financial Services as an approval condition of an application submitted by Mount Vernon Specialty Insurance Company for a certificate of authority. The additional provisions appear to be nonsubstantive in nature and do not change the methodology for expense

sharing provided in the prior agreement. The revised agreement supersedes and replaces the prior expense sharing agreement dated November 17, 2003.

Intercompany Allocation Agreement: Multi-Cedent Reinsurance

On December 30, 2022, the Company entered into an intercompany allocation agreement: multi-cedent reinsurance agreement with RSI, USLI Canada Branch, MVF, USLI, and MVS, and is effective until terminated. The agreement provides that subscribing reinsurers agree to reinsure the excess liability that may accrue to the companies under their respective policies, contracts, and binders of insurance or reinsurance. All intercompany balances are settled within 90 days of valuation.

Investment Services Agreement

Effective January 1, 2007, United States Liability Insurance Company, Mount Vernon Fire Insurance Company, and the Company entered into an Investment Services Agreement ("Investment Agreement") with National Indemnity Company (NICO). Under the Investment Agreement, NICO will manage the Company's investments subject to guidelines established and approved by the Company's Board of Directors. The Company will be furnished with quarterly reports valued as of the last business day of the respective period. Transactions will be furnished to the Company within 10 days after the end of each calendar month. The Company will be charged a fee, payable quarterly, computed to equal NICO's cost of providing services under the agreement. The Agreement was amended on November 9, 2012, to include Mount Vernon Specialty. The Agreement was again amended on October 14, 2015 to add Radnor Specialty to the agreement.

Federal Income Tax Agreement

The Company entered into a Joint Tax Return Agreement with United States Liability Insurance Company, Mount Vernon Fire Insurance Company and Berkshire Hathaway, Inc. effective November 17, 2003. The agreement authorizes the Treasurer of Berkshire Hathaway, Inc. to file a joint tax return on behalf of the three named companies based upon the taxable profit and loss of each company. The Agreement was amended on November 9, 2012, to include Mount Vernon Specialty. The Agreement was again amended on January 31, 2015 to add Radnor Specialty Insurance Company to the agreement.

FIDELITY BONDS AND OTHER INSURANCE

As of December 31, 2023, the Company along with the other subsidiaries of U.S. Investment Company did not carry any coverage for loss resulting from dishonest or fraudulent acts committed by employees. U.S. Investment Company elected to self-insure this risk.

The USLI Group also elected to self-insure for some of the other risk exposures affecting the Group.

STATUTORY DEPOSITS

The Company maintained the following deposits at December 31, 2023:

State	Type of Asset	Book Value	Fair Market Value

Georgia	Bond	34,794	34,874
Massachusetts	Bond	109,354	109,605
Nevada	Bond	223,678	224,191
New Mexico	Bond	323,091	323,832
North Carolina	Bond	323,091	323,832
North Dakota*	Bond	1,491,188	1,494,609
Virginia	Bond	521,916	523,113
Total Special Deposits		$3,027,112	$3,034,056

*Held for benefit of all policyholders

TERRITORY AND PLAN OF OPERATION

At December 31, 2023, the Company was licensed to write property, casualty and accident and health lines of business in 41 states and the District of Columbia. The Company is also an eligible surplus lines insurer in the States of Delaware, Nebraska, New York, and Pennsylvania. The Company currently writes primarily commercial liability on a surplus lines basis.

REINSURANCE

Ceded

At December 31, 2023, the Company had the following principal reinsurance treaties in force:

Equipment Breakdown Coverage

Effective June 1, 2015, the Company, MVF, and USLI entered into a perpetual contract with Factory Mutual Insurance Company. The equipment breakdown coverage is a 100% quota share reinsurance treaty that attaches on a “risks attaching” basis with a $25 million dollar limit.

Casualty Excess of Loss

Effective January 1, 2023, USLI, MVF, and USUIC entered into a one-year Casualty Excess of Loss & Casualty Cessions Excess of Loss Reinsurance. Section A covers casualty business; the reinsurer is liable in respect of each policy, each loss, for the ultimate net loss over and above an initial ultimate net loss of $1,000,000 each policy, each loss, subject to a limit of liability to the reinsurer of $5,000,000 each policy, each loss. In addition to ultimate net loss, the reinsurer is liable for and shall pay 90% of any extra contractual obligation and 90% of any loss in excess of policy limits as defined. In no event should the reinsurer’s liability for extra contractual obligations and loss in excess of policy limits exceed $4,500,000 any one loss. Section A is reinsured at 7.50% by Arch Reinsurance Company, 7.50% by Hannover Rück SE and 85% by affiliate NICO. Section B covers professional, commercial and personal liability to include workers’ compensation. The reinsurer shall be liable in respect of each policy, each loss, for the ultimate net loss over and above an initial ultimate net loss of $250,000 each policy, each loss, subject to a limit of liability to the reinsurer of $750,000 each policy, each loss. Section B is reinsured at 20%

by Arch Reinsurance Company, 30% by Hannover Rück SE, and 50% by affiliate NICO. The contract terminates January 1, 2024, applying to losses occurring, or claims made as applicable, during the term of the contract.

Property Per Risk Excess of Loss Contract

Effective January 1, 2023, USLI, MVF, and USUIC entered into a one-year property per risk excess of loss reinsurance contract. The contract indemnifies in respect of the liability that may accrue as a result of loss or losses under policies classified as property. The treaty is underwritten by multiple reinsurers through Guy Carpenter. The reinsurer shall be liable in respect of each loss, each risk, for the ultimate net loss over and above an initial ultimate net loss of $1,500,000 each loss, each risk, subject to a limit of liability to the reinsurer of $3,500,000 each loss, each risk, and further subject to a limit of liability to the reinsurer of $10,500,000 each loss occurrence. In addition to ultimate net loss, the reinsurer shall be liable for and shall pay 90% of any extra contractual obligation and 90% of any loss in excess of policy limits as defined. Hannover Rück SE subscribing interest and liability is 30%. NICO, affiliate, subscribing interest and liability is 50%. The TOA Reinsurance Company of America subscribing interest and liability is 20%. The contract terminates January 1, 2024.

Property Per Risk Occurrence of Loss Contract

Effective January 1, 2023, USLI, MVF, USUIC, MVS, and RSI entered into a one-year property per occurrence excess of loss reinsurance contract. The Company's retention limits under the first, second, and third layer ultimate net loss in respect of each loss occurrence are $7,500,000, $15,000,000, and $30,000,000, respectively. The reinsurers first, second, and third layer ultimate net loss in respect of each loss occurrence is $7,500,000, $15,000,000, and $20,000,000, respectively. The reinsurers first, second, and third layer ultimate net loss in respect of all loss occurrences commencing during the term of the contract are $15,000,000, $30,000,000, and $40,000,000, respectively. The subscribing reinsurers interest and liabilities first, second and third layers are: Arch Reinsurance Company 5%; Hannover Rück SE 25%; and NICO 70%. The agreement terminates January 1, 2024.

Cyber Liability Quota Share Program

Effective January 1, 2023, the Company, MVF, MVS, RSI and USLI entered into a one-year Quota Share reinsurance contract with Arch RE, Hannover Ruck SE, Partner RE and affiliate, NICO with a termination date of December 31, 2023. The Company is 90% reinsured against cyber liability for each and every coverage part of each policy, not to exceed $1,000,000 of Net Liability for each and every coverage part of each policy ceded. In addition, the reinsurer is obligated to indemnity and reinsure the Company for 90% of any extra-contractual obligation, and loss in excess of policy limits, not to exceed $1,000,000. This treaty is reinsured by multiple subscribing reinsurers.

Quota Share Agreement of Reinsurance

The Company entered into a Quota Share Reinsurance Agreement effective January 1, 2007, with affiliate, NICO and affiliates MVF, and USLI. The agreement is a perpetual 50% quota share contract that attaches on a "loss occurring" basis and covers all business net of all other

reinsurance. The quota share reinsurance agreement remains in force unless either party provides 365 days' notice of termination.

Assumed

The Company does not assume any reinsurance.

ACCOUNTS AND RECORDS

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by Mazars USA LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2022, and 2023. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination

FINANCIAL STATEMENTS

The following pages present a Statement of Assets, Liabilities, Surplus, and Other Funds as of December 31, 2023. This statement is followed by supporting statements and reconciliations presented in the following order:

Statement of Assets, Liabilities, Surplus, and Other Funds, December 31, 2023
Summary of Income, Year 2023
Reconciliation of Capital and Surplus, January 1, 2019, through December 31, 2023

These financial statements are based on the statutory financial statements filed by the Company with the North Dakota Insurance Department and present the financial condition of the Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

U.S. Underwriters Insurance Company
Statement of Assets, Liabilities, Surplus, and Other Funds
as of December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$3,479,438		$ 3,479,438
Common stocks	7,113,750		7,113,750
Cash, cash equivalents, and short term investments	175,389,623		175,389,623
Investment income due and accrued	107,914		107,914
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	6,688,993	$ 750,418	5,938,575
Reinsurance:			
Amounts recoverable from Reinsurers	1,649,996		1,649,996
Net deferred tax asset	1,308,370		1,308,370
Receivables from parent and affiliates	274,288		274,288
Totals	$196,012,372	$750,418	$195,261,954

U.S. Underwriters Insurance Company
Statement of Assets, Liabilities, Surplus, and Other Funds
as of December 31, 2023

Losses		$ 20,825,065
Loss adjustment expenses		6,145,332
Commissions payable, contingent commissions and similar charges		340,684
Taxes, licenses, and fees		84,207
Current federal and foreign income taxes		1,224,809
Unearned premiums		12,415,608
Ceded reinsurance premiums payable		4,531,386
Total liabilities		$ 45,567,092
Common capital stock	$ 4,200,000	
Gross paid in and contributed surplus	14,000,000	
Unassigned funds (surplus)	131,494,862	
Surplus as regards policyholders		149,694,862
Total		$195,261,954

U.S. Underwriters Insurance Company
Underwriting and Investment Exhibit
for the Year Ended December 31, 2023

UNDERWRITING INCOME

Premiums earned		$23,080,841
Deductions:		
Losses incurred	$ 7,185,938	
Loss expenses incurred	1,886,625	
Other underwriting expenses incurred	8,994,503	
Total underwriting deductions		18,067,065
Net underwriting gain or (loss)		$5,013,776

INVESTMENT INCOME

Net investment income earned	$7,963,051	
Net realized capital gains or losses	83,603	
Net investment gain or (loss)		$8,046,654

OTHER INCOME

Finance and service charges not included in premiums	3,077
Net income before federal income taxes	$ 13,063,507
Federal income taxes incurred	$2,899,548
Net income	$10,163,959

U.S. Underwriters Insurance Company
Reconciliation of Capital and Surplus Accounts

	2023	2022	2021	2020	2019
Capital and surplus, December 31, previous year	$139,134,515	$138,380,050	$133,462,599	$133,689,796	$125,019,711
Net income	10,163,959	6,855,785	3,559,674	1,041,437	6,485,001
Change in net unrealized capital gains or (losses)	332,155	(5,440,826)	1,324,435	(1,357,436)	2,272,292
Change in net deferred income tax	174,826	(315,758)	79,099	2,791	(44,014)
Change in nonadmitted assets	(110,593)	(344,736)	(45,757)	86,011	(43,194)
Dividends to stockholders					
Net change in capital and surplus for the year	$10,560,347	$754,465	$4,917,451	($227,197)	$8,670,085
Capital and surplus, December 31, current year	$149,694,862	$139,134,515	$138,380,050	$133,462,599	$133,689,796

CONCLUSION

The financial condition of the Company, as of December 31, 2023, as determined by this examination is summarized as follows: 149,694,862

Admitted Assets		$195,261,954
Total Liabilities	$ 45,567,092	
Surplus as Regards Policyholders	149,694,862	
Liabilities, Surplus, and Other Funds		$195,261,954

No change was made to the amounts reported by the Company in its 2023 annual statement.

Since the last examination conducted as of December 31, 2018, the Company's admitted assets have increased $31,803,989, its total liabilities have increased $7,128,837, and its surplus as regards policyholders has increased $24,675,152.

The courteous cooperation extended by the officers and employees of the Company during the course of the examination is gratefully acknowledged.

Respectfully submitted,

Colton Schulz, CFE, CISA, CRISC, CFE (Fraud)
Supervising Examiner
North Dakota Insurance Department