

**DISSOLUTION REPORT**

**OF**

**ALLIED WORLD ASSURANCE COMPANY LTD.  
REDUCED COLLATERAL REG 20 TRUST**

**AS OF**

**DECEMBER 31, 2017**

Trinidad Navarro  
Commissioner



Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON DISSOLUTION EXAMINATION, made as of December 31, 2017 of

**ALLIED WORLD ASSURANCE COMPANY LTD. REDUCED COLLATERAL  
REGULATION 20 TRUST**

is a true and correct copy of the document filed with this Department.

Attest By: Reynold Brown

Date: July 30, 2018



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 30 day of July, 2018.

Trinidad Navarro  
Trinidad Navarro  
Insurance Commissioner

Trinidad Navarro  
Commissioner



Delaware Department of Insurance

REPORT ON DISSOLUTION EXAMINATION  
OF  
ALLIED WORLD ASSURANCE COMPANY LTD. REDUCED COLLATERAL  
REGULATION 20 TRUST  
AS OF  
DECEMBER 31, 2017

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Handwritten signature of Trinidad Navarro in blue ink.

Trinidad Navarro  
Insurance Commissioner

Dated this 30 day of July, 2018

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## **SALUTATION**

May 22, 2018

Honorable Trinidad Navarro  
Delaware Insurance Commissioner  
Delaware Department of Insurance  
Rodney Building  
841 Silver Lake Blvd.  
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority 18.911, dated April 4, 2018, a Dissolution Examination has been made of the affairs, financial condition and management of the

### **ALLIED WORLD ASSURANCE COMPANY LTD. REDUCED COLLATERAL REG 20 TRUST**

hereinafter referred to as AWAC Reduced Collateral Trust or Trust, incepted under the laws of the State of Delaware. The examination was conducted at the Trust's administrative and home office located at 199 Water Street, New York, New York 10038.

The report of such review is respectfully submitted herewith.

### **SCOPE OF EXAMINATION**

This Dissolution Report is a limited-scope examination and is not intended to communicate all matters of importance for an understanding of the Trust's financial condition.

There was no organizational exam for the Trust. This dissolution examination was conducted as of December 31, 2017.

As a result of a management decision, the Trust is to be dissolved. Therefore, the purposed of this examination is to ascertain the following:

- Verify the remaining investment/cash assets of the Trust and determine any operating receivables that may exist.
- Ascertain and verify that there are no material liabilities other than residual general operating expenses.
- Review any other documents as needed.

### **HISTORY**

A Deed of Trust Agreement (Trust Agreement) was executed on December 23, 2014, between Allied World Assurance Company, Ltd. (AWAC), a Bermuda-domiciled insurer, and The Bank of New York Mellon (BONY Mellon). The Trust Agreement was established in the U.S. to provide security for certain ceding insurers so that credit may be allowed for the reinsurance ceded to AWAC and to qualify AWAC as an approved, trustee or accredited reinsurer where allowed under the laws of the various jurisdictions in the U.S.

The Trust effective date was March 27, 2015, under the laws of the State of Delaware. AWAC is a member of an insurance holding company system as defined under 18 *Del. Admin. C.* § 5001.

There has been no activity under the deed of trust since inception. Consequently, AWAC management approved the Trust dissolution plan.

### **PROCEDURES PERFORMED**

Procedures performed for the March 27, 2015 through December 31, 2017, includes:

- Review of the 2017 Annual Statement.
- A review of the general ledger for the period March 27, 2015 through December 31, 2017.
- A review of the custodian account statement as of December 31, 2017.

- A review of the related party agreements in effect as of December 31, 2017.
- A review of reinsurance agreement in effect for the year 2017.
- A review of the 2017 audited CPA statutory financial statement report.
- A review of the 2017 actuarial opinion, summary and report.
- Confirm invested assets as of December 31, 2017.

## **SUMMARY CONCLUSIONS**

### Corporate Records

The only corporate record applicable to the Trust is the Trust Agreement as amended.

### Related Party Agreements

The Trust is not a party to any related party agreements.

### Reinsurance Agreements

The Trust is not a party to any reinsurance agreements.

### Custodial Agreements

The Trust's investments are held by BONY Mellon pursuant to the Trust Agreement but not pursuant to a written custodial agreement.

### Claims

The Trust had zero (0) outstanding and open claims as of December 31, 2017.

### Balance Sheet

The examiner reviewed the 2017 Annual Statement. A review was performed of the general ledger for the period March 27, 2015 through December 31, 2017. Additionally, a review of the custodian statement was made as of December 31, 2017.

The balance sheet below, which was compiled from the Trust's December 31, 2017, general ledger, reflects that the major assets are invested assets. The Trust reported

\$0 carried loss reserves and \$0 carried loss adjustment expense reserves as of December 31, 2017.

The invested assets, consisting of bonds and cash, as of December 31, 2017, were confirmed directly with the custodian.

The Trust is exempt from the required independent actuarial opinion as well as the required audited statutory financial statement report by independent auditors.

**ASSETS, LIABILITIES AND POLICYHOLDER SURPLUS**  
**As of December 31, 2017**

**Assets**

Bonds	\$ 9,979,521
Cash, cash equivalents and short-term investments	578,843
Investment income due and accrued	<u>20,782</u>
Total	<u>\$ 10,579,146</u>

**Liabilities**

Losses	\$ -
Loss expense reserve	-
General expenses due and accrued	<u>-</u>
Total	<u>\$ -</u>

**Policyholder Surplus**

Gross paid in and contributed surplus	\$ 10,000,000
Unassigned funds (surplus)	<u>579,146</u>
Total	<u>\$ 10,579,146</u>
Total Liabilities and Policyholder Surplus	<u>\$ 10,579,146</u>

The Trust has complied with the dissolution requirements for the State of Delaware. The examination was conducted by the undersigned.

Respectfully Submitted,

*Andrew E. Chiodini*

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Andrew E. Chiodini, CFE  
Examiner-In-Charge



