## DISSOLUTION REVIEW

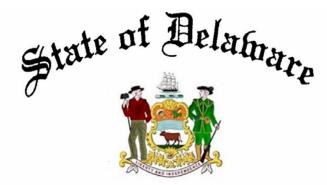
OF

## CHINA AMERICA INSURANCE COMPANY, LTD.

AS OF

December 31, 2004





# Department of Insurance

Dover, Delaware



I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON DISSOLUTION EXAMINATION, made as of December 31, 2004 of the

## CHINA AMERICA INSURANCE COMPANY, LTD.

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

ATTEST BY:

DATE: 8 November 2005



In Witness whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 8TH DAY OF NOVEMBER 2005



Insurance Commissioner

Deputy Insurance Commissioner

#### REPORT ON DISSOLUTION EXAMINATION

OF THE

China America Insurance Company, Ltd.

AS OF

**December 31, 2004** 

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

Consideration has duly been 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.

MATTHEW DENN INSURANCE COMMISSIONER

DATED this  $8^{\text{TH}}$  day of November, 2005.

China America Insurance Company, Ltd.

June 30, 2005

Honorable Matthew Denn Insurance Commissioner State of Delaware 841 Silver Lake Boulevard Dover, Delaware 19901

Dear Commissioner Denn:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 05-014, a Dissolution Review was conducted upon

#### CHINA AMERICA INSURANCE COMPANY, LTD.

hereinafter referred to as Company, incorporated under the laws of the State of Delaware, on December 19, 1986. On October 11, 2004 Company's sole stockholder, in an Action by Unanimous Written Consent, authorized the procedures necessary to dissolve the Company subject to regulatory approval. The Company's statutory home office is located at 2711 Centerville Road, Suite 400, Wilmington, DE 19808. The review was performed at the Company's administrative office located at 70 Pine Street, New York, New York.

The report of this review is respectfully submitted.

The last examination of the Company was performed as of December 31, 2002. This dissolution review will present the financial position of the Company as of December 31, 2004, and include a review of transactions and activities attendant to the dissolution of the Company from October 11, 2004 up to June 30, 2005.

As a part of this review the following documents and agreements were in part, reviewed and accepted:

#### • Reviewed unanimous written consents

The sole Stockholder determined to take the steps necessary to dissolve China America Insurance Company, LTD.

#### Reviewed Aggregate Loss Ratio Agreement

This agreement reinsures the net excess liability which shall accrue to the Company under all binders, policies and other contracts of insurance or reinsurance covering all business during the term of the agreement. The agreement was in effect from January 1, 1999 to November 30, 2004.

#### • Reviewed 2002 Report of Examination

Prepared and issued by the Delaware Department of Insurance.

#### • Reviewed 2004 Annual Statement

The balance sheet presented in this Dissolution Review was prepared based on amounts reported by the Company and filed with the Delaware Department of Insurance.

#### Reviewed Transfer and Assumption Agreements

Transfer and Assumption Agreements were executed whereby, American Home Assurance Company, Hong Kong Branch ("AHAC-H.K.") covers business written in China and the National Union Fire Insurance Company of Pittsburgh, Pa ("NUFIC") covers business written exclusive of China. Pursuant to these agreements, 100% of the past, present and future rights, liabilities and obligations of the Company both disclosed and undisclosed, under all binders, policies, contracts, certificates and other obligations or agreements of insurance and assumed reinsurance business to which the Company is a party or obligated are assumed by AHAC-H.K. and NUFIC, respectively.

Following the transfer the Company shall have no rights, duties, obligations or liabilities with respect to the policies.

Reviewed Chinese Insurance Commissioners approval of business transfer
 The Chinese Commissioner of Insurance approved the Transfer
 and Assumption Agreement and dissolution of the Company.

#### • Reviewed Company trial balances

A cursory review was made of the Company December 31, 2004 and May 31, 2005 trial balances.

#### Verified settlement of funds

Reviewed documentation supporting the final settlement of funds due relative to the Transfer and Assumption Agreements.

## The Company balance sheet at December 31, 2004 is presented below:

## Assets

Bonds Cash Short-term investments Receivable for securities Investment income due and accrued Current federal and foreign income taxes recoverable Receivables from parent, subsidiaries and affiliates	\$15,803,488 645,723 6,214,440 47,125 249,975 288,106 1,790,915 12,554
Aggregate write-ins for other than invested assets  Total Assets	\$ <u>25,052,326</u>
Liabilities	
Other expenses	\$ 99,024
Net deferred tax liability	8,801
Payable to parent, subsidiaries and affiliates	1,517,332
Total Liabilities	\$ 1,625,157
Common capital stock	\$ 8,000,000
Gross paid in and contributed surplus	2,000,000
Unassigned funds (surplus)	13,427,169
Capital and Surplus	\$23,427,169
Total Liabilities, Capital and Surplus	\$ <u>25,052,326</u>
Net income for 2004	\$ <u>7,655,671</u>

China America Insurance Company, Ltd.

The following changes have occurred in the Company's balance sheet since the last examination:

Date	December 31, 2002	December 31, 2004	Variance
Admitted Assets	\$49,852,874	\$25,052,326	\$(24,800,548)
Liabilities	\$35,969,004	\$1,625,157	\$(34,343,847)
Capital and Surplus	\$13,883,870	\$23,427,169	\$9,543,299

#### **Conclusion**

Based on the review of documents and agreements relevant to the dissolution of the Company, it appears that CAIC, has no current or future policy or claim obligations. Pursuant to the corporate minutes CAIC will be dissolved and its certificate of authority to transact business will be terminated.

CAIC stopped writing direct business in 2000. Pursuant to Transfer and Assumption Agreements all policy and claim obligations have been assumed by National Union Fire Insurance Company of Pittsburgh, Pa. and American Home Assurance Company, Hong Kong Branch.

Respectfully submitted,

Beverly A. Dale, CFE, CIE, FLMI, CPA

Benerly a. Dale

Examiner-in-Charge