

EXAMINATION REPORT
OF
COLISEUM REINSURANCE COMPANY
AS OF
DECEMBER 31, 2022

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
COLISEUM REINSURANCE COMPANY
AS OF
DECEMBER 31, 2022

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.

A handwritten signature in blue ink, reading "Trinidad Navarro", is positioned above a horizontal line.

Trinidad Navarro
Insurance Commissioner

Dated this 29th day of December, 2023

TABLE OF CONTENTS

SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS	3
COMPANY HISTORY	3
Capitalization	4
Dividends	4
MANAGEMENT AND CONTROL	4
Directors.....	4
Officers	5
Corporate Records.....	5
Insurance Holding Company System.....	6
Agreements with Affiliates	6
TERRITORY AND PLAN OF OPERATION.....	7
Territory	7
Plan of Operation	7
REINSURANCE.....	7
Assumed Reinsurance	7
Ceded Reinsurance.....	7
FINANCIAL STATEMENTS	8
Statement of Assets and Liabilities.....	9
Statement of Income	11
Reconciliation of Capital and Surplus	12
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION	12
COMMENTS ON FINANCIAL STATEMENT ITEMS.....	12
SUBSEQUENT EVENTS	13
SUMMARY OF RECOMMENDATIONS	13
CONCLUSION.....	14

December 6, 2023

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street, Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 22.024, dated August 15, 2022, an examination has been made of the affairs, financial condition and management of

COLISEUM REINSURANCE COMPANY

hereinafter referred to as the Company or CRC. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1209 Orange Street Wilmington, Delaware 19801. The administrative offices of the Company are located at 200 Liberty Street, Floor 22, New York, New York 10281.

SCOPE OF EXAMINATION

The Delaware Department of Insurance (Department) performed a risk-focused financial examination of the Company. The last examination was conducted as of December 31, 2017 and covered the five-year period from January 1, 2013 through December 31, 2017. This examination covers the five-year period from January 1, 2018 through December 31, 2022, and encompasses a general review of transactions during the period, the Company's business policies and practices, as well as management and relevant corporate matters, with a determination of the financial

condition of the Company as of December 31, 2022. Transactions subsequent to the examination date were reviewed where deemed necessary.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination 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. An examination also includes 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. 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.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but are separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Ernst & Young (E&Y). Certain auditor work papers from

the December 31, 2022 and 2021 audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

On September 1, 1978, the Company was incorporated as Gamma Reinsurance Company under the laws of the State of Delaware. On August 23, 1989, the Company changed its name to AXA Reinsurance Company and on September 11, 2000, the Company changed its name again to AXA Corporate Solutions Reinsurance Company. Subsequently, on April 21, 2008, the Company's name was changed to its current name, Coliseum Reinsurance Company.

The Company's initial principal business was to underwrite domestic property and casualty reinsurance business on a treaty and facultative basis primarily through reinsurance intermediaries. On November 26, 2002, the Company informed the Department of its intention to 'run off' its business and ceased underwriting new and renewal business during the fourth quarter of 2002. Since then, the Company has administered an orderly run-off strategy.

Effective January 1, 2004, the Company entered into an administrative and services agreement with AXA Liabilities Managers, Inc. (AXALM), an affiliated corporation that provides and/or arranges for administrative, management and other services for the Company. All services related to the Company's business operations are included in this agreement.

In April 2020, AXA America Corporate Solutions (AXACS) was dissolved. AXACS was the direct parent and had 100% ownership of the Company at that time. All the shares of the

Company were then transferred to AXA U.S. Holdings, Inc. (AUSH), a Delaware corporation and holding company.

Capitalization

The Company's Certificate of Incorporation authorizes the Company to issue 1,325,163 shares of \$20 par value common stock. As of December 31, 2022, the Company had 1,325,163 shares authorized, issued and outstanding totaling \$26,503,260. All outstanding common shares of the Company are owned by AUSH. As of December 31, 2022, the Company reported gross paid in and contributed surplus of \$844,928,978.

Dividends

The Company's Board of Directors (Board) approved and authorized the following cash dividends to be paid to its sole shareholder during the period under examination:

<u>Date Declared</u>	<u>Notification Date</u>	<u>Date Paid</u>	<u>Amount Paid</u>
February 1, 2019	February 11, 2019	April 10, 2019	\$ 585,000,000*
June 19, 2019	June 2, 2019	August 2, 2019	\$ 10,000,000

*On April 25, 2018, the Company issued a \$585,000,000 non-collateral term loan with a repayment date of April 25, 2020, to AXA, S.A. On April 10, 2019, the Company received \$585,000,000 as an early repayment from AXA, S.A., which in turn was paid as an extraordinary dividend to AXACS. The Department was properly notified of the dividends and both dividends complied with 18 *Del. C.* § 5005 (e).

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property and affairs of the Company must be managed by or under the direction of its Board. The Board shall have no less than three (3) or more than ten (10) members as determined by the Board.

Each Director is elected annually by the stockholder and holds office until the next annual election and until their successors are elected and qualified except as removed for cause and the

successor elected by a special meeting of the stockholder. Directors duly elected and serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
Sylvain Villeroy de Galhau	Chairman
Alain de Lavernette	President and Chief Executive Officer, CRC
Clemence Legendre*	Vice President, Chief Financial Officer and Treasurer, CRC

* Clemence Legendre replaced Arnaud Vedere as Board member in 2022.

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a President, Secretary and Treasurer. Any number of offices may be held by the same person. The primary officers serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
Alain de Lavernette	President and Chief Executive Officer
Clemence Legendre*	Chief Financial Officer, Vice President and Treasurer
Christiane Strano	Corporate Secretary

* Clemence Legendre replaced Arnaud Vedere as Chief Financial Officer, Vice President & Treasurer in 2022.

Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in accordance with 18 *Del. C.* § 1304. In addition, review of Company files indicated that written correspondence was submitted to the Department regarding changes in officers and directors during the period under examination in compliance with 18 *Del. C.* § 4919.

Insurance Holding Company System

The Company is a member of an insurance holding company system known as the AXA Group as defined under 18 *Del. C.* § 5001 of the Delaware Insurance Code. AXA Société Anonyme (AXA, S.A. or AXA), a French insurance and financial service company that is publicly traded on the Euronext Paris stock exchange, is the ultimate parent in the holding company system. AXA wholly owns the Company’s direct parent AUSH, a Delaware corporation and holding company that wholly owns the Company. The Company wholly owns AXA Delaware LLC, which wholly owns AXA Insurance Company (AIC), a New York domiciled property and casualty insurance company that has also been in run-off since 2020.

An abbreviated organizational chart of the AXA insurance holding company system as of December 31, 2022, is as follows:

Company Name	Domicile	Ownership
AXA, S.A.	France	
AXA U.S. Holdings, Inc.	DE	100%
Coliseum Reinsurance Company	DE	100%
AXA Delaware LLC	DE	100%
AXA Insurance Company	NY	100%

Agreements with Affiliates

Fifth Amended and Restated Administration and Services Agreement

Effective March 31, 2021, the Company and AXALM entered into a fifth amended and restated administration and services agreement. In accordance with the terms of the agreement, AXALM provides or arranges for the provision of administrative, management, claims and other services relating to the business of the Company. The Company reimburses AXALM for the actual costs and expenses (direct and shared) incurred by AXALM, along with a five percent (5%) margin on the shared costs and expenses billed to the Company.

Consolidated Tax Sharing Agreement

Effective December 1, 2021, the Company became party to a Thirteenth Amended Tax Sharing and Payment Agreement. Pursuant to the agreement, allocation of the Company's tax liability is made primarily on a separate return basis, with current credit given for net losses and tax credits.

TERRITORY AND PLAN OF OPERATION

Territory

The Company is licensed or otherwise authorized to transact business in all fifty (50) states and the District of Columbia.

Plan of Operation

The Company has not underwritten or renewed any business since 2002 and is in run off with no plans to start writing new business.

REINSURANCE

Assumed Reinsurance

Assumed reinsurance is not material to this examination, with assumed premiums in 2022 of approximately \$(114,000). Effective January 1, 2004, an assumption reinsurance agreement with subsidiary AIC covered aggregate net losses incurred by AIC from losses occurring in accident years 2003 and prior not paid but become payable on or after the effective date. As of December 31, 2022, the reserve for reinsurance adverse development was \$351,000 associated with the agreement.

Ceded Reinsurance

Ceded reinsurance is not material to this examination, with ceded premiums in 2022 of \$(13,139) related to Renaissance Reinsurance Ltd.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets and Liabilities as of December 31, 2022
- Statement of Income for the year ended December 31, 2022
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2017 to December 31, 2022

Statement of Assets and Liabilities
As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 65,425,605	\$ -	\$ 65,425,605
Cash	3,600,646		3,600,646
Other invested assets	139,412,324		139,412,324
Receivables for securities	43,451		43,451
Subtotals, cash and invested assets	<u>\$ 208,482,026</u>	<u>\$ -</u>	<u>\$ 208,482,026</u>
Investment income due and accrued	427,568		427,568
Uncollected premiums and agents' balances in the course of collection	60,587		60,587
Deferred premiums; agents' balances and installments booked but deferred and not yet due	157,903		157,903
Amounts recoverable from reinsurers	744,080		744,080
Funds held by or deposited with reinsured companies	619,871		619,871
Current federal and foreign income tax recoverable and interest thereon	963,288		963,288
Net deferred tax asset	600,203	600,203	-
Receivables from parent, subsidiaries and affiliates	25,796		25,796
Totals	<u><u>\$ 212,081,322</u></u>	<u><u>\$ 600,203</u></u>	<u><u>\$ 211,481,119</u></u>

Coliseum Reinsurance Company

		<u>Note</u>
Losses	\$ 51,117,638	1
Reinsurance payable on paid losses and loss adjustment expenses	608,133	
Loss adjustment expenses	7,622,813	1
Commissions payable, contingent commissions and other similar charges	866,189	
Other expenses (excluding taxes; licenses and fees)	294,966	
Taxes, licenses and fees (excluding federal and foreign income taxes)	537,262	
Unearned premiums	15	
Ceded reinsurance premiums payable (net of ceding commissions)	132,427	
Funds held by company under reinsurance treaties	34,501	
Remittances and items not allocated	77,657	
Provision for reinsurance	271,000	
Aggregate write-ins for liabilities:		
Reserve for uncollectible reinsurance	773,375	
Reserve for adverse development reinsurance	351,000	
Total liabilities	<u>\$ 62,686,976</u>	
Common capital stock	\$ 26,503,260	
Gross paid in and contributed surplus	844,928,978	
Unassigned funds (surplus)	<u>(722,638,095)</u>	
Surplus as regards policyholders	<u>\$ 148,794,143</u>	
Totals	<u><u>\$ 211,481,119</u></u>	

Statement of Income
For the Year Ended December 31, 2022

Underwriting Income	
Premiums earned	\$ (101,158)
Deductions	
Losses incurred	\$ 823,412
Loss adjustment expenses incurred	1,923,496
Other underwriting expenses incurred	2,525,033
Total underwriting deductions	<u>\$ 5,271,941</u>
Net underwriting gain (loss)	<u>\$ (5,373,099)</u>
Investment Income	
Net investment income earned	\$ 1,535,283
Net realized capital gains (losses) less capital gains tax of \$109	(5,300)
Net investment gain (loss)	<u>\$ 1,529,983</u>
Other Income	
Net gain (loss) from agents' or premium balances charged off	\$ (86,771)
Aggregate write-ins for miscellaneous income:	
Income (loss) from adverse development reinsurance	(21,000)
Miscellaneous Income	61,859
Total other income	<u>\$ (45,912)</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ (3,889,028)</u>
Dividends to policyholders	<u>-</u>
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	\$ (3,889,028)
Federal and foreign income taxes incurred	(963,396)
Net Income	<u><u>\$ (2,925,632)</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2017 to December 31, 2022

	<u>Common Capital Stock</u>	<u>Gross Paid-in and Contributed Surplus</u>	<u>Unassigned Surplus</u>	<u>Total</u>
12/31/2017	\$ 26,503,260	\$ 1,439,928,978	\$ (1,288,269,686)	\$ 178,162,552
12/31/2018 (1)			64,053,668	64,053,668
12/31/2018 (2)			(51,744,389)	(51,744,389)
12/31/2019 (1)			1,062,908	1,062,908
12/31/2019 (2)			559,865,999	559,865,999
12/31/2019 (3)		(595,000,000) *		(595,000,000)
12/31/2020 (1)			134,582	134,582
12/31/2020 (2)			(54,173,304)	(54,173,304)
12/31/2020 (4)			481	481
12/31/2021 (1)			(999,291)	(999,291)
12/31/2021 (2)			23,365,347	23,365,347
12/31/2021 (4)			194	194
12/31/2022 (1)			(2,925,632)	(2,925,632)
12/31/2022 (2)			26,992,421	26,992,421
12/31/2022 (4)			(1,393)	(1,393)
12/31/2022	<u>\$ 26,503,260</u>	<u>\$ 844,928,978</u>	<u>\$ (722,638,095)</u>	<u>\$ 148,794,143</u>

- (1) Net income
(2) Change in net unrealized capital gains (losses), change in net deferred income tax, change in nonadmitted assets, and change in provision for reinsurance
(3) * Dividends to stockholders; reported as Surplus adjustments: Paid in
(4) Aggregate write-ins for gains and losses in surplus: Unrealized foreign exchange translation

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes made to the Financial Statement as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	\$ 51,117,638
Loss Adjustment Expenses	\$ 7,622,813

The examination liability for the aforementioned captioned items of \$51,117,638 and \$7,622,813 are the same as reported by the Company as of December 31, 2022. The examination

analysis of Loss and Loss Adjustment Expense reserves was conducted in accordance with Actuarial Principles and Standards of Practice and Statutory Accounting Principles, including NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principle No. 55 *Unpaid Claims, Losses and Loss Adjustment Expenses* (SSAP No. 55).

SUBSEQUENT EVENTS

The Department received a Plan and Agreement of Merger (Merger) dated May 5, 2023, by and between the Company and the New York domicile insurance company AIC, with the Company being the surviving insurance entity after the merger. All of AIC's assets and liabilities will be transferred into the Company via the Merger. At the time of the Merger, there will be no active policyholders in AIC.

The Merger will mirror the licenses of AIC into the Company, except for Puerto Rico, Guam and Northern Marianas. AIC does not have any policies or active claims in those three territories and the licenses are being withdrawn. Both companies are managed by AXALM and after the merger the Company will continue to be managed by AXALM.

The Merger was approved by the Department on September 18, 2023, and by the New York Department of Financial Services on September 21, 2023. All licensed States of the Company were notified on October 25, 2023, via the NAIC UCAA filing system.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

CONCLUSION

The assistance and cooperation of the consulting actuarial firm, INS Consultants, Inc., the consulting information systems specialist firm, INS Services, Inc., the Company's outside audit firm, E&Y and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



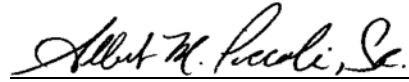
Albert M. Piccoli, Sr., CFE
Examiner-In-Charge
State of Delaware



James M. Perkins, CFE
Supervising Examiner
State of Delaware

Coliseum Reinsurance Company

I, Albert M. Piccoli Sr., hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 22.024.

A handwritten signature in black ink, reading "Albert M. Piccoli, Sr.", is written over a horizontal line.

Albert M. Piccoli, Sr., CFE