

REPORT OF EXAMINATION
OF THE
CYPRESS INSURANCE COMPANY
AS OF
DECEMBER 31, 2020

Insurance Commissioner

A handwritten signature in blue ink, appearing to read "P. DeLoe", is positioned to the right of the text "Insurance Commissioner".

FILED on June 20, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
SCOPE OF EXAMINATION	1
COMPANY HISTORY:	3
Capitalization	3
MANAGEMENT AND CONTROL:.....	4
Management Agreements.....	5
Related Party Transactions.....	8
TERRITORY AND PLAN OF OPERATION.....	9
REINSURANCE:	10
Assumed.....	10
Ceded	10
ACCOUNTS AND RECORDS.....	11
FINANCIAL STATEMENTS:	12
Statement of Financial Condition as of December 31, 2020	13
Underwriting and Investment Exhibit for the Year Ended December 31, 2020	14
Reconciliation of Surplus as Regards to Policyholders from December 31, 2016 through December 31, 2020.....	15
COMMENTS ON FINANCIAL STATEMENT ITEMS:.....	16
Common Stocks.....	16
Loss and Loss Adjustment Expenses	16
SUBSEQUENT EVENTS	17
SUMMARY OF COMMENTS AND RECOMMENDATIONS:	17
Current Report of Examination	17
Previous Report of Examination.....	17
ACKNOWLEDGMENT	18

Los Angeles, California
May 25, 2022

Honorable Ricardo Lara
Insurance Commissioner
California Department of Insurance
Sacramento, California

Dear Commissioner:

Pursuant to your instructions, an examination was made of the

CYPRESS INSURANCE COMPANY

(hereinafter also referred to as the Company). Its home office is located at 1 California Street, Suite 600, San Francisco, California 94111.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The previous examination of the Company was as of December 31, 2016. This examination covered the period from January 1, 2017 through December 31, 2020.

The examination was conducted in accordance with the National Association of Insurance Commissioners *Financial Condition Examiners Handbook (Handbook)*. The Handbook requires the planning and performance of the examination to evaluate the Company's financial condition, assess corporate governance, identify current and prospective risks, 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 findings of fact and general information about the Company and its financial condition. There might be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), were not included within the examination report but separately communicated to other regulators and/or the Company.

This was a coordinated examination of the Berkshire Hathaway Group with Nebraska as the lead state. It was conducted concurrently with other insurance entities belonging to two separate subgroups of the Berkshire Hathaway holding company group, National Indemnity Companies Group (NICO) and Berkshire Hathaway Homestate Companies Group (BHHC). The following states participated in the examination: Colorado, Connecticut, Iowa, Nebraska, and New York.

The NICO Group is comprised of insurers as listed below:

- American Centennial Insurance Company (DE)
- Berkshire Hathaway Assurance Corporation (NY)
- Berkshire Hathaway Life Insurance Company of Nebraska (NE)
- Columbia Insurance Company (NE)
- Finial Reinsurance Company (CT)
- National Fire & Marine Insurance Company (NE)
- National Indemnity Company (NE)
- National Indemnity Company of Mid-America (IA)
- National Indemnity Company of the South (FL)
- National Liability and Fire Insurance Company (CT)
- Stonewall Insurance Company (NE)
- Unione Italiana Reinsurance Company of America (NY)

- Wesco-Financial Insurance Company (NE)

The BHHC Group consists of the following six insurers:

- Berkshire Hathaway Homestate Insurance Company (NE)
- BHHC Special Risks Insurance Company formerly Brookwood Insurance Company (IA)
- Continental Divide Insurance Company (CO)
- Cypress Insurance Company (CA)
- Oak River Insurance Company (NE)
- Redwood Fire and Casualty Insurance Company (NE)

COMPANY HISTORY

The Company was incorporated in California on October 17, 1962 under the laws of the State of California and commenced business on March 8, 1963.

The Company was previously owned by Berkshire Hathaway, Inc. (BHI), a publicly-traded Delaware corporation. Effective July 1, 2016, the Company became a wholly-owned subsidiary of National Indemnity Company (NICO) as a result of a capital contribution from its prior direct owner BHI to NICO. The Company remains an indirect wholly-owned subsidiary of BHI.

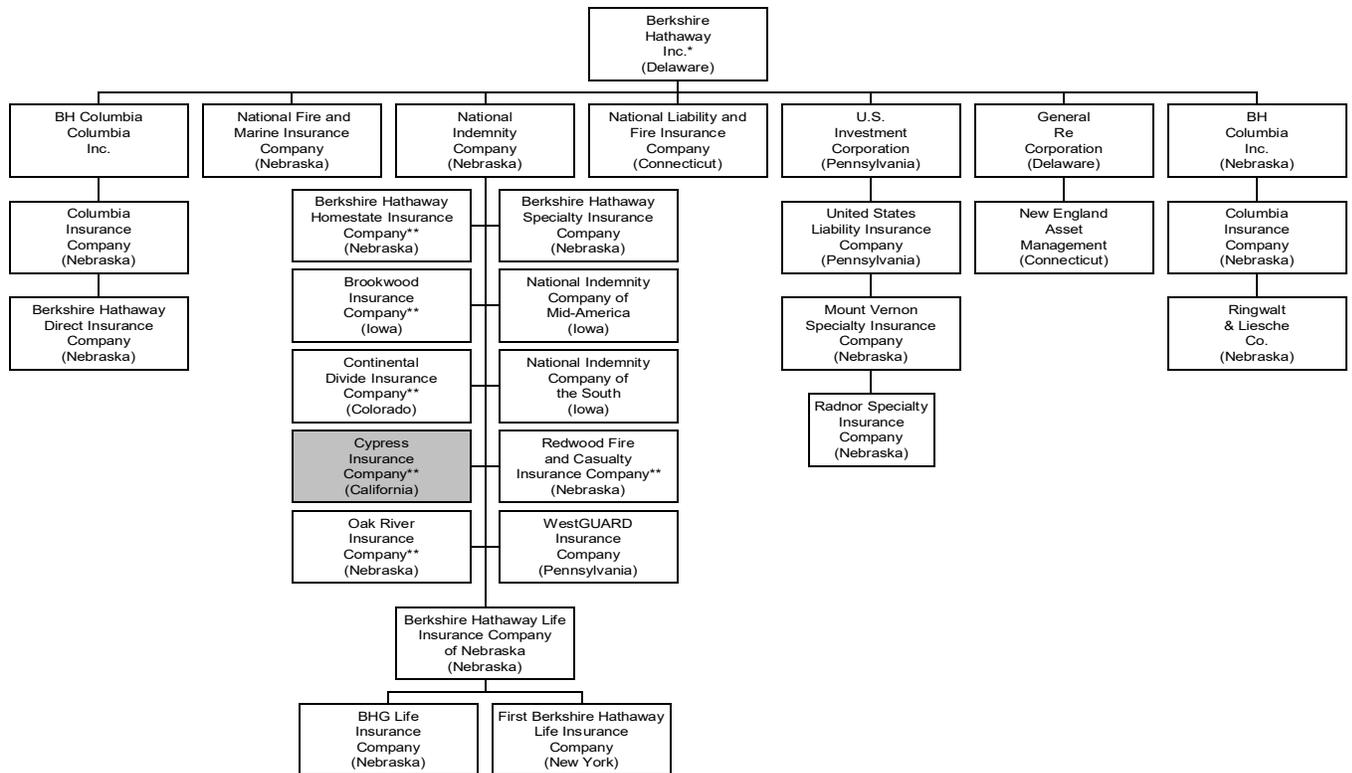
Capitalization

The Company has 104,000 authorized, issued, and outstanding shares of common stock with a par value of \$50 per share.

MANAGEMENT AND CONTROL

The Company is a member of the Berkshire Hathaway, Inc. (BHI) insurance holding company system. BHI is an American multinational holding company headquartered in Omaha, Nebraska.

The following abridged organizational chart is limited to the entities that the Company had interrelationships with during the examination period within the holding company system (all ownership is 100% unless otherwise indicated).



* 31.84654% owned by Warren E. Buffett as of December 31, 2020

** Collectively referred to as the Berkshire Hathaway Homestate Companies

The three members of the board of directors, who are elected annually, manage the business and affairs of the Company. Following are members of the board and principal officers of the Company serving at December 31, 2020:

Directors

<u>Name and Location</u>	<u>Principal Business Affiliation</u>
Tracy L. Gulden Omaha, Nebraska	Senior Vice President National Indemnity Company
Nancy F. Peters Omaha, Nebraska	Vice President National Indemnity Company
Donald F. Wurster Omaha, Nebraska	President National Indemnity Company

Principal Officers

<u>Name</u>	<u>Title</u>
Robert N. Darby, Jr.	President
Andrew R. Linkhart	Chief Financial Officer and Treasurer
Nancy F. Peters	Secretary
Tracy L. Gulden	Senior Vice President
Brian T. Wesselman	Senior Vice President
Christopher J. Desautel	Senior Vice President
Mark Barba	Vice President
Brian P. Hall	Vice President
Margaret A. Hartmann	Vice President
William M. Lawrence	Vice President
Michael V. Campbell	Vice President
Russell A. Selinger	Vice President
Jeffery W. Morris	Vice President
Arun K. Shastry	Vice President

Management Agreements

Consolidated Federal Income Tax Allocation Agreement: Effective November 23, 1994, the Company became a party to a Consolidated Federal Income Tax Allocation Agreement with its ultimate parent, Berkshire Hathaway, Inc. (BHI). Pursuant to the agreement, the consolidated federal tax liability is allocated among the subsidiaries in the ratio that each subsidiary's separate tax return liability bears to the total consolidated federal tax liabilities of all subsidiaries that are members of the consolidated group. This agreement was in place before prior approval was required under California Insurance

Code (CIC) Section 1215.5(b)(4). Taxes paid under this agreement for 2017, 2018, 2019, and 2020 were \$31,142,276, \$29,437,378, \$31,139,626, and \$(1,362,158), respectively.

Intercompany Service Agreement: The Company entered into an written Intercompany Service Agreement, effective November 23, 1994, with five affiliated insurers within the Berkshire Hathaway Homestate Companies Group (BHHC). The agreement covers the following services: accounting, tax and auditing; underwriting; claims; investments; and other functional support services such as actuarial; telecommunications and electronic data processing; legal; and purchasing; payroll and employee relations services. Each member may provide to other members any of the services listed above. The costs of shared services are allocated based on actual costs. In 2013, the agreement was amended to reflect a name change to one of the affiliates and to add a paragraph regarding appropriate licensing. The California Department of Insurance (CDI) approved the amendment on September 6, 2013. The fees paid by the Company to BHHC for these services in 2017, 2018, 2019, and 2020 were \$41,389,262, \$40,159,582, \$41,220,243, and \$39,071,533, respectively.

Intercompany Service Agreement: Effective, November 1, 2013, the Company entered into an Intercompany Service Agreement with its affiliate, the Guard Insurance Group, Inc. (Guard). Under the terms of the agreement, the Company utilizes the Guard Software, a comprehensive proprietary policy administration and claims system, to process its workers' compensation line of business. Guard in turn, charges the Company for services and use of facilities allocated as follows; 100% of direct staffing cost, 75% of indirect cost, and 100% of direct expenses and capital cost. This agreement was filed with the CDI and approved on November 5, 2013. On June 7, 2017, an addendum to change Guard's name to WestGUARD Insurance Company along with various safeguard provisions were filed with the CDI and was approved on July 3, 2017. No payments were made during the examination period.

Intercompany Allocation Agreement: Multi-Cedent Reinsurance: The Company entered into an Intercompany Allocation Agreement: Multi-Cedent Reinsurance with the BHHC companies, National Fire and Marine Insurance Company, National Indemnity Company

(NICO), National Indemnity Company of Mid-America, and National Liability & Fire Insurance Company, all affiliated with the Company, effective December 31, 2014. The agreement was established to formalize the provisions and reinsurance recoveries amongst affiliates participating in the Property Excess per Risk Reinsurance Contract. Berkshire Hathaway Homestate Insurance Company is the agent for the BHHC companies. Pursuant to CIC Section 1215.5(b)(3), no prior approval was required from the CDI, because the amount of premiums ceded in the Property Excess per Risk Reinsurance Contract was immaterial. Various amendments were made in 2017 to amend the schedule of reinsurance contracts, remove National Liability & Fire Insurance Company, as a party to the agreement, and add Berkshire Hathaway Direct Insurance Company as a party to the agreement. No payments were made during the examination period.

Investment Service Agreement: Effective April 21, 2017, the Company became a recipient to the Investment Service Agreement (IMA) provided by its ultimate parent, BHI. Under the term of the agreement, BHI provides investment management services to NICO and its various affiliates. As compensation, NICO and its affiliates will pay BHI a fee based on the actual cost incurred in managing its investment. The Company submitted to the CDI Amendment No. 5 to add NICO as one of the service recipients to the IMA. The CDI approved the amendment on April 21, 2017. On December 19, 2017, the Company filed Amendment No. 6 with CDI to add affiliates; Radnor Speciality Insurance Company and Mount Vernon Specialty Insurance Company, as parties to the agreement; and to amend the fee schedule to permit BHI to collect total fees not to exceed 0.2 basis points of the market value of each portfolio being managed. The CDI approved this amendment on February 20, 2018. No payments were made during the examination period.

Intercompany Tax Service Agreement: The Company entered into an Intercompany Tax Service Agreement with affiliate, Ringwalt & Liesche Company (R&L), effective July 3, 2017. Under the terms of the agreement, R&L will perform certain tax services for the benefit of the Company. Fees for services shall be based on an annual rate of the lesser of \$12,000 or the actual cost that would be charged by an unaffiliated service provider. In addition, the Company shall fully reimburse R&L for all costs incurred on

behalf of the Company. The CDI approved this agreement on July 3, 2017. No payments were made during the examination period. The agreement was terminated, effective June 1, 2019.

Intercompany Service Agreement: Effective October 1, 2017, the Company and General Re Corporation (Gen Re) entered into an Intercompany Service Agreement. Under the terms of the agreement, the Company shall allow Gen Re access to facilities and services such as building support, front desk reception and general infrastructure technical support. The fee for facilities and services shall include all direct and directly allocable expenses relating to the facilities and services, including any depreciation expenses. In consideration for the services provided, Gen Re will pay the Company a monthly rate equal to \$25,000 and settled no later than the fifteenth day of each month. This agreement was approved by the CDI on October 16, 2017. Effective November 1, 2019, an amendment was made to allow the agreement to automatically renew until terminated by mutual consent or 90 days advance written notice. On October 16, 2019, the CDI approved this amendment. Gen Re paid the Company \$71,000, \$300,000, \$300,000, and \$325,000 in 2017, 2018, 2019, and 2020, respectively.

Related Party Transactions

BHI is party to an Investment Service Agreement, effective October 1, 2013, with affiliate, New England Asset Management (NEAM). Under the terms of the agreement, NEAM provides investment services, primarily valuation, accounting, and reporting of investment to BHI. On July 20, 2017, the agreement was amended to allow all insurers under BHI to receive services provided. In return, BHI will pay an annual fee of 0.000015 of the market value of all unmanaged assets in the account of the respective insurer as of the last trading day of each calendar month. Fee paid are to be remitted at the end of each calendar quarter for services provided during the prior three months. BHI will be billed directly by NEAM and payment due within 30 days of receipt. During the examination, it was noted NEAM was directly invoicing the individual insurers, including the Company. The Company paid fees in the amount of \$0, \$22,841, \$23,775, and \$26,562 in 2017, 2018, 2019, and 2020, respectively.

The transactions between the Company and NEAM occurred without a designated written agreement and therefore did not comply with California Insurance Code Section 1215.5(b) and Statement of Statutory Accounting Principles (SSAP) No. 25, paragraph 8. CIC Section 1215.5(b) requires that prior notification be filed with the Commissioner for affiliated agreements. SSAP No. 25, paragraph 8, states that transactions between related parties must be in the form of a written agreement that provides for timely settlement of amounts owed, with a specified due date. In addition, the Company failed to disclose the affiliated transactions in accordance with CIC Section 1215.4(b) and (c). It is recommended that the Company implement procedures to ensure it properly notifies and discloses all its affiliated agreements in accordance with CIC Section 1215.4(b) and (c), 1215(b), and SSAP No. 25, paragraph 8.

TERRITORY AND PLAN OF OPERATION

The Company operates as a specialty carrier, focusing on workers' compensation insurance primarily in California and five other southeastern states. During 2020, the Company wrote direct premiums of \$259 million of which 89.2% was written in California, 6.4% in Georgia, 1.4% in Alabama, 1.1% in Arkansas, 0.7% in Louisiana, 0.7% in South Carolina, and 0.6% in Tennessee. Workers' compensation policies comprised 89.2% of the total direct premiums written in 2020.

As of December 31, 2020, the Company was also licensed to write property and casualty insurance in Alabama, Arkansas, California, Georgia, Hawaii, Idaho, Mississippi, New Mexico, Oklahoma, South Carolina, Tennessee, and Virginia. In addition to being licensed to write surplus lines in Delaware and Louisiana, the Company was an accredited reinsurer in the states of Colorado, Iowa, and Nebraska.

Business is marketed through approximately 1,100 independent agents. The primary location of the Company's books and records is in Omaha, Nebraska. The workers' compensation line of business is operated from the Company's statutory home office located in San Francisco, California. Other lines of business are conducted in Omaha,

Nebraska. In addition, the Company maintains branch offices in Sacramento and San Diego, California and Atlanta, Georgia.

REINSURANCE

Assumed

Other than immaterial amounts assumed under mandatory pools and associations, the Company had no assumed reinsurance in-force as of December 31, 2020.

Ceded

The Company had the following ceded reinsurance programs in effect as of December 31, 2020:

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
<u>Commercial Auto</u>			
Excess of Loss	Columbia Insurance Company - Authorized	\$1,000,000	\$4,000,000
<u>Property</u>			
Excess of Loss	8 reinsurers with varying participations - 7 of which are authorized	\$1,500,000	\$3,500,000
Excess of Loss	8 reinsurers with varying participations - 7 of which are authorized	\$5,000,000	\$5,000,000 Aggregate \$10,000,000 per occurrence and \$5,000,000 terrorism sub-limit
<u>Property & Casualty</u>			
Excess of Loss	Columbia Insurance Company - Authorized	\$10,000,000	\$500,000,000

ACCOUNTS AND RECORDS

Pursuant to the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions:

- 1) Notes to Financial Statements, 14D, Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits, the Company shall disclose the dollar amount paid for claims related extra-contractual obligations and bad faith losses stemming from lawsuits, in the current reporting period on a direct basis. The Company's 2020 Annual Statement Notes to Financial 14D was not prepared in accordance with the NAIC's Annual Statement Instructions and did not disclose the potential risk and/or uncertainties related to lawsuits in the manner or format required by the NAIC.
- 2) Notes to Financial Statements, 27A, Structured Settlements, the Company shall disclose the amount of reserves no longer carried as a result of the Company purchasing annuities with the claimant as payee and the Company contingently liable for any amount issuer of annuity fails to pay under the terms of the annuities. The Company did not disclose the amount of reserves eliminated by purchasing structured settlements as required by the NAIC in its 2020 Annual Statement Notes to Financial 27A.

It is recommended the Company implement procedures to ensure compliance with the NAIC Annual Statement Instructions and disclose the information accurately in the proper format in the Notes to Financial Statements.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the California Department of Insurance and present the financial condition of the Company for the period ending December 31, 2020. The accompanying comments on financial statements should be considered an integral part of the financial statements. There is no examination adjustments to the amounts reported in the annual statements.

Statement of Financial Condition as of December 31, 2020

Underwriting and Investment Exhibit for the Year Ended December 31, 2020

Reconciliation of Surplus as Regards Policyholders from December 31, 2016
through December 31, 2020

Statement of Financial Condition
as of December 31, 2020

<u>Assets</u>	<u>Ledger and Nonledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 349,837,616	\$	\$ 349,837,616	
Preferred stocks	105,000		105,000	
Common stocks	764,154,970		764,154,970	(1)
Cash and short-term investments	1,009,124,224		1,009,124,224	
Receivable for securities	20,570		20,570	
Investments income due and accrued	1,877,439		1,877,439	
Premiums and agents' balances in course of collection	94,062,791	1,939,029	92,123,762	
Premiums, agents' balances and installments booked but deferred and not yet due (including \$(4,899,558) earned but unbilled premiums)	(4,899,558)		(4,899,558)	
Amount recoverable from reinsurers	1,242,506		1,242,506	
Guaranty funds receivable or on deposit	1,985,919	1,978,647	7,272	
Receivables from parent, subsidiaries, and affiliates	2,109,674		2,109,674	
Aggregate write-ins for other than invested assets	<u>12,927,423</u>	<u>394,858</u>	<u>12,532,565</u>	
Total assets	<u>\$ 2,232,548,574</u>	<u>\$ 4,312,534</u>	<u>\$ 2,228,236,040</u>	
 <u>Liabilities, Surplus and Other Funds</u>			 <u>Current Year</u>	 <u>Notes</u>
Losses and loss adjustment expenses			\$ 1,038,501,184	(2)
Reinsurance payable on paid loss and loss adjustment expenses			178	
Commissions payable, contingent commissions and other similar charges			13,130,874	
Other expenses			5,158,063	
Taxes, licenses and fees			2,513,210	
Current federal and foreign income taxes (including \$1,372,372 on realized capital gains)			7,237,787	
Net deferred tax liability			92,427,511	
Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$135,037)			108,874,145	
Advance premium			1,095,929	
Ceded reinsurance premiums payable			262,967	
Amounts withheld or retained by company for account of others			1,855,161	
Drafts outstanding			69,699	
Payable for parent, subsidiaries and affiliates			6,631,681	
Aggregate write-ins for liabilities			<u>2,144,229</u>	
Total liabilities			1,279,902,618	
Common capital stock			5,200,000	
Gross paid-in and contributed surplus			3,255,000	
Unassigned funds (surplus)			939,878,422	
Surplus as regards policyholders			<u>948,333,422</u>	
Total liabilities, Surplus, and other funds			<u>\$ 2,228,236,040</u>	

Underwriting and Investment Exhibit
for the Year Ended December 31, 2020

State of Income

	<u>Underwriting Income</u>	<u>Current Year</u>
Premium earned		\$ 287,533,363
Deductions:		
Losses and loss expenses incurred	\$ 199,284,820	
Other underwriting expenses incurred	<u>57,100,896</u>	
Total underwriting deductions		<u>256,385,716</u>
Net underwriting gain		31,147,647
	<u>Investment Income</u>	
Net investment income earned	\$ 26,325,797	
Net realized capital losses less capital gains tax of \$(8,371,700)	<u>(31,493,538)</u>	
Net investment losses		(5,167,741)
	<u>Other Income</u>	
Net loss from agents' or premium balances charged off (amount recovered \$209,317 amount charged off \$1,977,146)	\$ (1,767,829)	
Finance and service charges not included in premiums	<u>67,864</u>	
Total other income		<u>(1,699,965)</u>
Net income after dividends to policyholders, after capital gains tax and before federal and foreign income taxes		24,279,941
Federal and foreign income taxes incurred		<u>11,109,794</u>
Net income		<u>\$ 13,170,147</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2019		\$ 854,471,792
Net income	\$ 13,170,147	
Change in net unrealized capital gains less capital gains tax of \$21,417,974	80,572,378	
Change in net deferred income tax	341,165	
Change in nonadmitted assets	<u>(222,060)</u>	
Change in surplus as regards policyholders for the year		<u>93,861,630</u>
Surplus as regards policyholders, December 31, 2020		<u>\$ 948,333,422</u>

Reconciliation of Surplus as Regards Policyholders
from December 31, 2016 through December 31, 2020

Surplus as regards policyholders, December 31, 2016			\$ 366,008,400
	Gain in Surplus	Loss in Surplus	
Net income	\$ 343,057,385	\$	
Net unrealized capital gains	245,709,856		
Change in net deferred income tax		6,688,395	
Change in nonadmitted assets	<u>246,176</u>		
Total gains and losses	<u>\$ 589,013,417</u>	<u>\$ 6,688,395</u>	
Net increase in surplus as regards policyholders			<u>582,325,022</u>
Surplus as regards policyholders, December 31, 2020			<u>\$ 948,333,422</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Common Stocks

In 2016, the Company purchased 681 thousand shares of Apple Inc. (Apple) stock. The total purchase value of approximately \$76 million exceeded purchase limitation requirements set forth in California Insurance Code (CIC) Section 1198 limitation requirements. CIC Section 1198 states; 1) stock purchases in any one corporation cannot exceed 10% of the Company's prior year capital and surplus and 2) holdings of stock in any one corporation cannot exceed 25% of prior year capital and surplus. The California Department of Insurance (CDI) evaluated and permitted the transaction under the condition the Company would not make any future purchases of Apple stock.

During the examination period, the fair market value of Apple significantly appreciated and the Company reported its investment in Apple stock was \$361,447,560 as of December 31, 2020. Under CIC Section 1210, discretionary investments are admissible as long as the aggregate total does not 1) exceed the lesser of 5% of admitted assets or 2) 50% of the excess of admitted assets less the minimum capital requirement. As a result of the significant appreciation, the investment in Apple exceeded the CIC Section 1210 limitation threshold, by approximately \$41.5 million. It is recommended that the Company nonadmit any amount in excess of of the CIC Section 1210 limitation restrictions to ensure compliance with the aforementioned code sections on a going-forward basis.

(2) Loss and Loss Adjustment Expenses

Based on an analysis by a Casualty Actuary from the Nebraska Department of Insurance, the Company's loss and loss adjustment expense reserves as of December 31, 2020 were found to be reasonably stated and have been accepted for the purposes of this examination. A Casualty Actuary from the California Department of Insurance agreed with the conclusion.

SUBSEQUENT EVENTS

The Intercompany Service Agreement with WestGUARD Insurance Company was terminated, effective September 16, 2021.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

Related Party Transactions (Page 8): It is recommended that the Company implement procedures to ensure it properly notifies and discloses all its affiliated agreements in accordance with California Insurance Code (CIC) Section 1215.4(b) and (c), 1215(b), and Statement of Statutory Accounting Principles No. 25, paragraph 8.

Accounts and Records (Page 11): It is recommended the Company implement procedures to ensure compliance with the NAIC Annual Statement Instructions and disclose the information accurately in the proper format in the Notes to Financial Statements.

Comments on Financial Statement Items – Common Stocks (Page 16): It is recommended that the Company nonadmit any amount in excess of the CIC Section 1210 limitation restrictions to ensure compliance with the aforementioned code section on a going-forward basis.

Previous Report of Examination

Comments on Financial Statement Items – Common Stocks (Page 14): It was recommended that the Company implement procedures to ensure compliance with California Insurance Code Section 1198. The Company complied.

ACKNOWLEDGMENT

Acknowledgment is made of the cooperation and assistance extended by the Company's officers and employees during the course of this examination.

Respectfully submitted,

Briggs,
Anjanette

Digitally signed by Briggs,
Anjanette
Date: 2022.06.20 10:11:07
-07'00'

Anjanette Briggs, CFE
Examiner-In-Charge
Senior Insurance Examiner, Supervisor
Department of Insurance
State of California

Dillon, Sayaka

Digitally signed by Dillon,
Sayaka
Date: 2022.06.20 10:14:51
-07'00'

Sayaka Dillon, CFE, CISA
Supervising Senior Insurance Examiner
Department of Insurance
State of California

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE

I, ANJANETTE BRIGGS, CFE, SENIOR INSURANCE EXAMINER OF THE CALIFORNIA DEPARTMENT OF INSURANCE AND EXAMINER-IN-CHARGE ON THE EXAMINATION OF CYPRESS INSURANCE COMPANY CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA, THAT I HAVE READ THE FOREGOING REPORT OF EXAMINATION CYPRESS INSURANCE COMPANY AND THAT I KNOW THE CONTENTS THEREOF, AND THAT THE CONTENTS ARE TRUE AND CORRECT.

WITNESS MY HAND THIS
20TH DAY OF JUNE 2022

Briggs, Anjanette Digitally signed by Briggs,
Anjanette
Date: 2022.06.20 09:57:38 -07'00'

ANJANETTE BRIGGS, CFE
SENIOR INSURANCE EXAMINER