



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the “Report”) of **Greystone Insurance Company** (the “Company”) as of December 31, 2023, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

TO WIT:

1. I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes (“C.G.S.”).
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On May 7 2025, the verified Report of the Company was filed with the Connecticut Insurance Department (the “Department”).
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On May 19, 2025, the Company filed a written submission indicating that they were in agreement with all of the recommendations contained in the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company is hereby adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the C.G.S. requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

Please address the certification to the Commissioner but send said certification to the care/attention of William Arfanis, Assistant Deputy Commissioner of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the C.G.S. requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 20th day of May, 2025



Andrew N. Mais
Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF THE

**GREYSTONE INSURANCE COMPANY
(NAIC #10019)**

AS OF

DECEMBER 31, 2023

BY THE

CONNECTICUT INSURANCE DEPARTMENT



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May 7, 2025

The Honorable Andrew N. Mais
Commissioner of Insurance
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, Connecticut 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the General Statutes of the State of Connecticut (CGS), the undersigned has made a financial examination of the condition and affairs of

GREYSTONE INSURANCE COMPANY

(hereafter referred to as the Company or GIC), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having its statutory and administrative office located at 300 First Stamford Place, Stamford, Connecticut. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted by the Financial Regulation Division of the Connecticut Insurance Department (Department), as of December 31, 2019. The current examination, which covers the period from January 1, 2020, through December 31, 2023, was conducted virtually and at the statutory home office of the Company.

As part of the examination planning procedures, the Department reviewed the following materials submitted by the Company:

- Board of Director (Board) minutes from 2020 through the latest 2023 action or meeting;
- Statutory audit reports from 2020 through 2023, completed by the Company's independent certified public accountants, PricewaterhouseCoopers, LLP (PwC);
- Management's Discussion and Analysis from 2020 through 2023;
- Statements of Actuarial Opinion from 2020 through 2023;
- Annual Statements filed with the Department from 2020 through 2023;
- documentation supporting Section 404 of the Sarbanes-Oxley Act (SOX) of 2002;
- documentation supporting the Model Audit Rule; and
- and reports of the Company's Internal Audit Department from 2020 through 2023.

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, reports from the National Association of Insurance Commissioners (NAIC) database, as well as the independent audit reports which indicated no material concerns with respect to financial condition or regulatory compliance issues.

Work papers prepared by PwC in connection with its annual statutory audit were reviewed and relied upon to the extent deemed appropriate.

GREYSTONE INSURANCE COMPANY

Representatives from the Delaware Department of Insurance (DDOI), as the lead state of the insurance company affiliates of Fairfax (US) Inc. (Fairfax US), which includes the Company, led the multi-state coordinated examination that included representatives from the states of Arkansas, California, Connecticut, Florida, New Jersey, New Hampshire and New York.

As part of the coordinated exam, the Department conducted a concurrent examination of the Odyssey Reinsurance Company (ORC).

In addition, as part of the coordinated exam, the DDOI retained the services of INS Consultants Inc. (INS) to conduct reviews of the Information Technology General Control (ITGC) environment and Rutter Associates, LLC as the investment specialist.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (Handbook). The 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 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.) are not included within the examination report but separately communicated to other regulators and/or the company.

Comments in this report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

GREYSTONE INSURANCE COMPANY

HISTORY

The Company was incorporated in the state of Delaware on October 19, 1993, under the name Reliance Reinsurance Company and commenced business on March 2, 1994. Active business operations began in 1995 as a wholly-owned subsidiary of Reliance Insurance Company (RIC). The Company was sold by RIC to Overseas Partners Ltd in October, 2000, and was renamed Overseas Partners US Reinsurance Company. During 2002, the Company ceased writing new business and was placed into run-off.

In July 2004, the Company was sold to Odyssey Re Holdings Corp. (ORH). ORH contributed the Company's stock to its subsidiary, Clearwater Insurance Company (CIC) at which time the Company's name was changed to Clearwater Select Insurance Company. In 2011, CIC contributed the Company's stock to ORC.

Effective April 25, 2013, the Company changed its state of domicile from Delaware to Connecticut.

Effective November 2018, ORH changed its name to Odyssey Group Holdings, Inc. (OGHI).

Effective December 20, 2018, the Company changed its name from Clearwater Select Insurance Company to GIC.

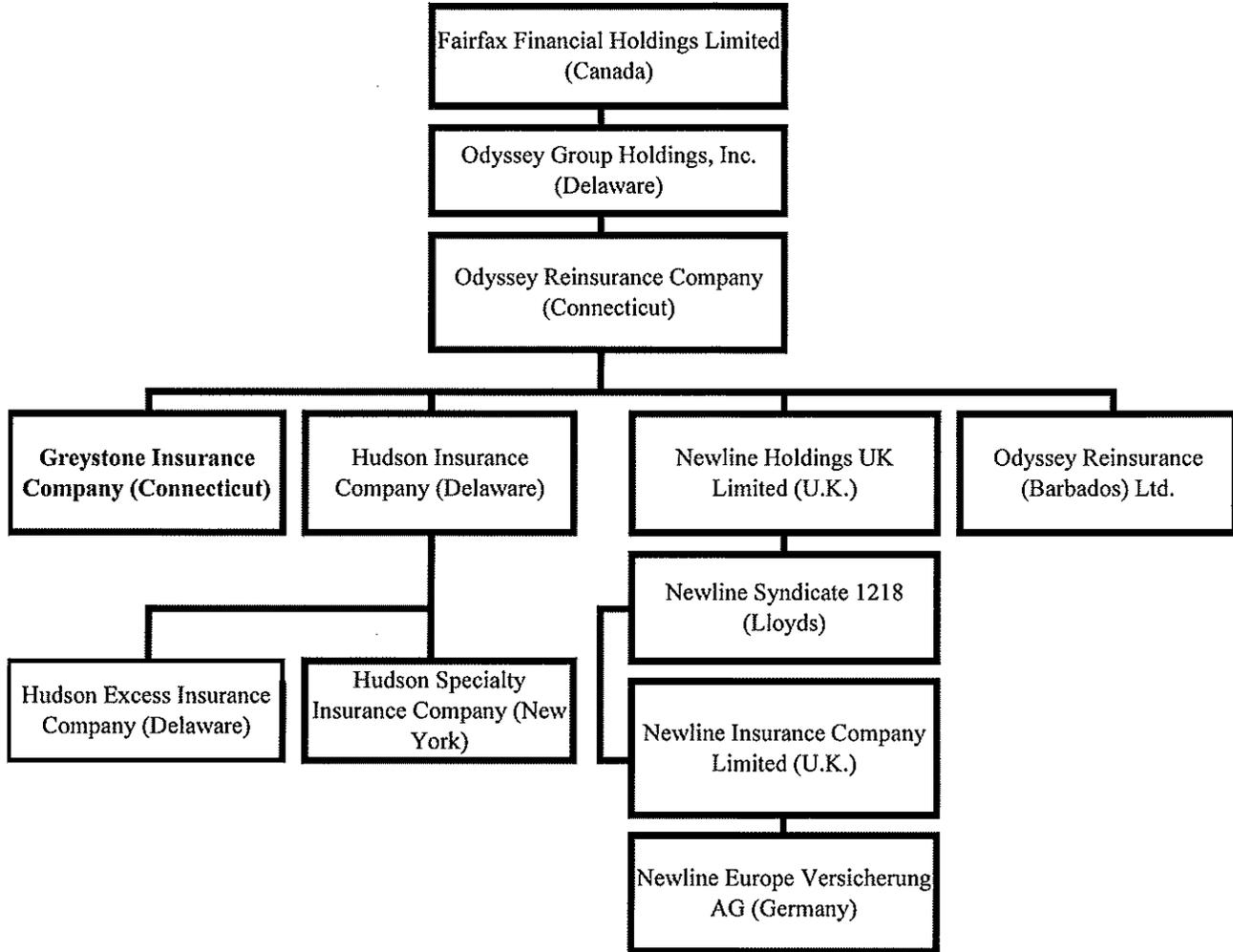
The Company is wholly owned by ORC, a reinsurance company domiciled in Connecticut. ORC is wholly owned by OGHI, a Delaware company. Fairfax Financial Holdings Limited (Fairfax), a publicly traded financial services holding company based in Canada, ultimately owns 90.01% of OGHI. TIG Insurance Company (TIG), an insurance company domiciled in the State of California and a wholly-owned subsidiary of Fairfax, held all of the outstanding preferred shares of the Company.

See the Reinsurance section for additional commentary on transactions during the examination period.

GREYSTONE INSURANCE COMPANY

ORGANIZATIONAL CHART

The following is a partial organizational chart for the Company and its major affiliates:



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RELATED PARTY AGREEMENTS

The Company is party to a tax services agreement with Fairfax US which provides the Company with tax consulting and compliance services. Fairfax files a consolidated federal income tax return for substantially all of Fairfax US's wholly owned U.S. subsidiaries. Tax payments are made to, or refunds received from, Fairfax US in the amounts as if separate tax returns were filed.

The Company is a party to an expense sharing agreement with ORC. Pursuant to this agreement, ORC makes available to the Company office space and management services including but not limited to underwriting, actuarial, claims, accounting, financial, legal, treasury, personnel and data processing services. At least quarterly, detailed statements of service are provided for settlement.

Pursuant to the terms of an investment management agreement (Agreement) with Hamblin Watsa Investment Counsel Ltd., (Hamblin Watsa) an affiliate of Fairfax, various investment services are provided to the Company. The Company pays a basic fee based upon total invested asset levels and portfolio performance.

A review of related party agreements noted the following:

Documents used by the Company to analyze fair and reasonable charges for new and amended intercompany agreements were not maintained. Section 38a-136 of the CGS, in addition to SSAP No 25 and A-440 of the NAIC Accounting Practices and Procedures Manual (Manual), requires that the books, accounts and records of each party be maintained to clearly and accurately disclose the precise nature and details of the transactions, including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties. In addition, guidance in the Handbook requires examiners to verify that agreements utilizing an other-than-cost approach for a company's determination that amounts are fair and reasonable, should be thoroughly documented by management.

It is recommended that the Company maintain, for review, the accounting information necessary to support the reasonableness of charges or fees for affiliated transactions, as required by the CGS, Manual and the Handbook. Future contracts that cannot be supported should be entered into on a cost-basis.

MANAGEMENT AND CONTROL

Shareholders' Meetings

The amended and restated bylaws as of January 2019, state that all annual meetings of the shareholders shall be held at the principal office of the Company in Stamford, Connecticut, or at such other place as determined by the Board and stated in the notice to shareholders. At the annual meeting the Board shall be elected and such other business transacted as may come before said meeting. Special meetings of the shareholders for any purpose may be called. The holders of a majority of shares entitled to vote shall constitute a quorum.

The Audit Committee of GIC is that of the parent company, OGI.

GREYSTONE INSURANCE COMPANY

Board of Directors

The number of directors who constitute the entire Board shall be not less than three nor more than nine directors to be elected annually. A regular meeting of the Board shall be held without other notice immediately after and on the same date as the annual meeting of shareholders. A quorum of the Board shall consist of two-thirds of the directors. Special meetings of the Board may be called.

The members of the Board serving the Company at December 31, 2023, were:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Christopher Liam Gallagher	Chairman, President and Chief Executive Officer - OGHI
Elizabeth Ann Sander	Executive Vice President and Chief Actuary - OGHI
Richard Frederick Coerver, IV	Executive Vice President and Chief Financial Officer - OGHI

The officers serving the Company at December 31, 2023, were:

<u>Name</u>	<u>Title</u>
Christopher Liam Gallagher	President and Chief Executive Officer
Dina Georgia Daskalakis	Executive Vice President, General Counsel and Corporate Secretary
Richard Frederick Coerver, IV	Executive Vice President and Chief Financial Officer
Elizabeth Ann Sander	Executive Vice President and Chief Actuary
Margaret Mary Catherine Killeen	Executive Vice President
Michael Paul Cifone	Senior Vice President
Jack Jeffrey Whittle	Senior Vice President, Assistant General Counsel and Assistant Corporate Secretary
Robert Ernest Crowther	Senior Vice President
Francis Dennis Cerasoli	Senior Vice President
Leslie Weihrich Shore	Senior Vice President

TERRITORY AND PLAN OF OPERATION

The Company is licensed in 48 states, the District of Columbia and Puerto Rico.

The Company is principally engaged in the business of property and casualty reinsurance.

The Company has future plans to complement the admitted offerings of its “sister company” Hudson Insurance Company (Hudson), whose business is comprised primarily of commercial lines insurance products offered to specific niche markets (specialty insurance). Hudson currently writes general liability, automobile liability/physical damage, property, inland marine and

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professional liability by utilizing proprietary filings specifically tailored for specialty risks. The Company will write the same lines of business (general liability, automobile liability/physical damage, property and inland marine) for “non-specialty” or “main street” commercial risks.

As of December 2023, the Company is still seeking insurance licensing in the remaining states in which it is not licensed and is still expanding on the lines of business in the jurisdictions in which it is licensed.

REINSURANCE

Effective July 1, 2013, the Company entered into a loss portfolio transfer and quota share agreement with ORC, which was approved by the Department. Pursuant to the agreement, the Company assumed from ORC unearned premiums and loss and loss adjustment expenses (LAE) related to certain business. Also under the agreement, the Company began assuming certain business, on a prospective basis, from ORC on a 50% quota share basis of the net retained business of Odyssey's Paris and London branches and a 70% quota share reinsurance agreement with another subsidiary of Odyssey, Odyssey Re Europe SA.

Other assumed business consisted of a block of unaffiliated run-off business that was in place prior to acquisition of the Company by Oghi in 2004. The business is now ceded 75% to ORC.

On September 26, 2022, the Company commuted a 100% quota share reinsurance agreement with Odyssey Reinsurance Company - Canadian Branch (CB) through which the Company assumed certain business produced by CB. The Company settled any open balances that were not dependent on future events. No assets were exchanged between the Company and CB in the settlement of the commutation.

On October 1, 2022, the Company and ORC novated an existing 50% loss portfolio and quota share reinsurance agreement covering business written by ORC's London and Paris Branches to an affiliate, Odyssey Reinsurance (Barbados) Ltd. (ORB). The Company paid ORB cash and investments with a fair value equal to the loss reserves, unearned premium reserves and commission reserves to extinguish its obligations to ORC under the agreement. ORB directed that the cash and investments be assigned to ORC as funds-held collateral under the terms of the novated reinsurance agreement. The Company released all such reserves and recognized no gain or loss on the novation.

On October 1, 2022, the Company and Odyssey Re Europe S.A. (ORES A) novated an existing 80% quota share reinsurance agreement (80% Quota Share Agreement) to ORC. The Company paid ORC cash and investments with a fair value equal to the loss reserves, unearned premium reserves and commission reserves to extinguish its obligations to ORES A under the agreement. The Company released all such reserves and recognized no gain or loss on the novation.

On October 1, 2022, the Company cancelled its excess of loss treaty with ORC. The Company received cash and investments from ORC in settlement of the return of all unearned premium under the contract.

On October 1, 2022 the Company entered a 100% quota share reinsurance agreement with its parent company, ORC, whereby all the business that the Company writes is ceded to ORC. As a

GREYSTONE INSURANCE COMPANY

result, other than insignificant adjustments relating to prior years' treaties, the Company does not have net premium.

On December 31, 2022, the Company entered into a Loss Portfolio Transfer Reinsurance Agreement with ORC covering business written prior to the Company's acquisition by ORC on July 2, 2004. The Company paid ORC \$2.8 million, an amount equal to the reserves transferred.

INFORMATION TECHNOLOGY CONTROLS

INS performed a risk-based assessment and review of the Company's ITGCs in accordance with NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Company's ITGCs was derived from Exhibit C Part 1 – IT Planning Questionnaire (ITPQ) and Exhibit C Part 2 – IT Work Program (collectively, Exhibit C). The Company's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly. Based upon the risk-based assessment and review, the Company's ITGCs were determined to be effective.

ACCOUNTS AND RECORDS

The Company's general ledger is manually updated from system reports generated by the Phoenix Reinsurance System and Princeton Asset Management systems for reinsurance and investment transactions, respectively. The Company utilizes Eagle TM Wings to prepare its statutory financial statements.

Detail analyses were performed on individual general ledger accounts throughout the examination. General ledger account balances were reconciled and traced to amounts reported in the annual statement for the most recent year under review.

GREYSTONE INSURANCE COMPANY

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2023. No adjustments were made to surplus as a result of the examination.

ASSETS

	1	2	3
	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$21,775,611		\$21,775,611
Stocks:			
Common stocks	61,101,424		61,101,424
Mortgage Loans:			
First Liens	11,475,143		11,475,143
Cash, cash equivalents and short-term investments	14,417,182		14,417,182
Receivable for securities	5,136		5,136
Investment income due and accrued	328,773		328,773
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	1,312,334	\$25	1,312,309
Reinsurance:			
Amounts recoverable from reinsurers	1,381,320		1,381,320
Current federal and foreign income tax recoverable and interest thereon	3,369,650		3,369,650
Aggregate write-ins for other than invested assets	4,734		4,734
Totals	<u>\$115,171,307</u>	<u>\$25</u>	<u>\$115,171,282</u>

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LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	\$9
Reinsurance payable on paid loss and loss adjustment expenses	3,505
Loss adjustment expenses	149,258
Other expenses	277,872
Taxes, licenses and fees	4,881
Net deferred tax liability	2,409,957
Ceded reinsurance premiums payable	270,000
Amounts withheld or retained by company for account of others	21,052
Payable to parent, subsidiaries and affiliates	718,684
Payable for securities	97,971
Aggregate write-ins for liabilities	718,155
Total liabilities	\$4,671,344
Common capital stock	15,318,656
Preferred capital stock	55
Gross paid in and contributed surplus	308,861,586
Unassigned funds (surplus)	(213,680,359)
Surplus as regards policyholders	\$110,499,938
Total liabilities, surplus and other funds	<u>\$115,171,282</u>

GREYSTONE INSURANCE COMPANY

STATEMENT OF INCOME

UNDERWRITING INCOME	
Premiums earned	\$-
Loss adjustment expenses incurred	62,040
Other underwriting expenses incurred	(319,954)
Total underwriting deductions	(257,914)
Net underwriting gain or (loss)	257,914
INVESTMENT INCOME	
Net investment income earned	1,773,506
Net realized capital gains or (losses)	3,333,777
Net investment gain (loss)	5,107,283
OTHER INCOME	
Aggregate write-ins for miscellaneous income	(118)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	5,365,079
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	5,365,079
Federal and foreign income taxes incurred	(355,711)
Net income	\$5,720,790
CAPITAL AND SURPLUS ACCOUNT	
Surplus as regards policyholders, December 31 prior year	106,388,020
Net income	5,720,790
Change in net unrealized capital gains or (losses)	(286,286)
Change in net deferred income tax	(4,149,747)
Change in nonadmitted assets	2,827,161
Change in surplus as regards policyholders for the year	4,111,918
Surplus as regards policyholders, December 31 current year	<u>\$110,499,938</u>

GREYSTONE INSURANCE COMPANY

RECONCILIATION OF CAPITAL AND SURPLUS

The following is a reconciliation of capital and surplus for the period under examination:

Beginning of the Examination Period, January 1, 2020	\$611,399,192
Net income	25,590,039
Change in net unrealized capital gain/(losses)	(19,527,331)
Change in net unrealized foreign exchange capital gain (loss)	14,267,663
Change in net deferred income tax	(5,625,480)
Change in non-admitted assets	(25)
Dividends to stockholders	(515,604,120)
Net Change in Capital and Surplus for the Examination Period	(500,899,254)
Capital and Surplus, December 31, 2023	<u>\$110,499,938</u>

The decrease in surplus during the period of examination was primarily due to the two related party quota share reinsurance agreement novations and the payment of a \$495,000,000 dividend consisting of cash and invested assets to the Company's parent ORC.

SUBSEQUENT EVENTS

No subsequent events were identified through the date of the examination report.

SUMMARY OF RECOMMENDATIONS

It is recommended that the Company maintain, for review, the accounting information necessary to support the reasonableness of charges or fees for affiliated transactions, as required by the CGS, Manual and the Handbook. Future contracts that cannot be supported should be entered into on a cost-basis.

CONCLUSION

As of December 31, 2023, the Company reported admitted assets of \$115,171,282, liabilities of \$4,671,344, and capital and surplus of \$110,499,938. During the period under examination, admitted assets decreased by \$1,288,480,228, liabilities decreased \$787,580,974, and surplus as regards policyholders decreased by \$500,899,254.

GREYSTONE INSURANCE COMPANY

SIGNATURE

In addition to the undersigned, William Arfanis, CFE, Wanchin Chou, FCAS, MAAA, Kent Krajick, CFE, Robert Linnell, CFE Deshauna Hammond, Riley Greider and Amy Waldhauer, FCAS, MAAA of the Department, and the professional services firms of INS and Rutter, participated in this examination.

I, Jeffrey Prospero, CFE, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023, to the best of my information, knowledge and belief.

Respectfully submitted,

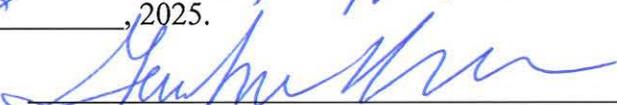


Jeffrey Prospero, CFE
Examiner-In Charge
State of Connecticut
Insurance Department

State of Connecticut ss

County of Hartford

Subscribed and sworn before me, , Notary Public, on this May
day of 8, 2025.



Notary Public of the Superior Court

My Commission Expires 6/30/2026

