Paul R. LePage
GOVERNOR

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Eric A. Cioppa
SUPERINTENDENT

June 1, 2015

Eric A. Cioppa
Superintendent of Insurance
Maine Bureau of Insurance
34 State House Station
Augusta, ME 04333-0034

Dear Superintendent:

Pursuant to the provisions of 24-A M.R.S.A. §221 and in conformity with your instructions, a financial examination has been made of the

YORK INSURANCE COMPANY OF MAINE

at its main administrative office in New York, New York. The following report is respectfully submitted.

REPORT OF EXAMINATION

YORK INSURANCE COMPANY OF MAINE

AS OF

DECEMBER 31, 2013

ACCEPTANCE OF REPORT OF EXAMINATION

WHEREAS a verified report of examination of York Insurance Company of Maine dated June 1, 2015, was delivered to that insurer on July 31, 2015, and;

WHEREAS no hearing with respect to the report of examination has been requested by York Insurance Company of Maine;

NOW THEREFORE, I accept the report of examination and hereby order it placed on file in the Bureau of Insurance as provided for by 24-A M.R.S.A. §226 (3).

This report has been reviewed.

Dated: 8/5/15

Eric A. Cioppa
Superintendent

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SCOPE OF EXAMINATION

York Insurance Company of Maine ("Company") was last examined as of December 31, 2009 by the Maine Bureau of Insurance ("MBOI"). The December 31, 2009 examination was coordinated with the examination of Tower Group, Inc. ("TG") with the lead state regulator, the New York Department of Financial Services ("NYDFS").

This examination covers the period from January 1, 2010, to the close of business on December 31, 2013. This examination, performed by Risk and Regulatory Consulting, LLC, was coordinated with the NYDFS.

This examination was performed pursuant to the risk-focused approach promulgated by the National Association of Insurance Commissioners ("NAIC"). The examination consisted of a review of the Company's operations, controls, and corporate governance, assessment of current and prospective risk, valuation of assets, and determination of liabilities at December 31, 2013, in conformity with statutory accounting practices, NAIC guidelines, the Financial Condition Examiners Handbook and the laws, rules, and regulations prescribed or permitted by the State of Maine.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examination does not attest to the fair presentation of the financial statements included herein. Comments on various balance sheet items, for purposes of this report, may be limited to matters involving clarification, departures from laws, rules and regulations, and/or significant changes in amounts. To the extent deemed necessary, transactions occurring subsequent to the examination date were reviewed.

This examination report includes significant findings of fact, pursuant to 24-A M.R.S.A. §225 (1), and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature, are not included herein, and are instead separately reported to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Prior Examination
None noted.

Current Examination
None noted.

THE COMPANY

History

The Company was first chartered in 1987, as York Mutual Insurance Company, subsequent to the demutualization of the former Maine Bar Association Mutual Title Insurance Company.

The Company was acquired in 1997, by Commercial Union Insurance Company, a wholly owned subsidiary of CGU Corporation. In connection with the 1997 acquisition the Company changed its name to Commercial Union York Insurance Company.

In 2001, CGU Corporation was acquired by White Mountains Insurance Group, Ltd. In connection with the 2001 acquisition, the Company changed its name to York Insurance Company of Maine.

On July 1, 2010, the Company was acquired by TG.

On December 13, 2013, the MBOI issued a Corrective Order that imposed certain conditions on the Company. The Corrective Order increased reporting obligations with respect to business operations and financial condition, and restricted payments or other transfers of assets from the Company outside the ordinary course of business.

Management and Control

As of December 31, 2013, the Company was a member of the TG. TG consisted of approximately thirty-three affiliated companies operating under common management and control. Specifically, the Company was 91% owned by CastlePoint National Insurance Company and 9% owned by Preserver Insurance Company, all ultimately owned by Tower Group International, Ltd. ("TGIL").

Corporate Records

The Company's articles of incorporation, bylaws, and minutes of the board of directors' meetings held during the period under examination were reviewed.

Corporate Governance

The Company was governed and overseen by its board of directors and its management team.

As of December 31, 2013, the Company's board of directors consisted of the following individuals:

William Franklin Dove
William Edward Hitselberger
Scott Thomas Melnik
Gregory Albert Meyer
Elliot Scott Orol
Bruce Wesley Sanderson
Catherine Mary Wragg

As of December 31, 2013, the Company's officers consisted of the following individuals:

Name	Title
Gregory Albert Meyer	President
William Edward Hitselberger	Executive Vice President and Chief Financial Officer
Elliot Scott Orol	Senior Vice President, General Counsel and Secretary
William Franklin Dove	Senior Vice President and Chief Actuary
Vito Nigro	Treasurer

Transactions with Affiliates

The Company is party to a service and expense sharing agreement with North East Insurance Company ("NEIC") effective July 1, 2010. Under the agreement, NEIC provides any necessary services for the Company not covered under the 100% quota share reinsurance agreement.

The Company is party to an income tax allocation agreement between TG and subsidiaries dated September 12, 2008. The Company was added to the agreement by Amendment #2 effective July 1, 2010. At the end of each consolidated return year, each entity must compute and pay to the holding company its share of the federal income tax liability based on separate return calculations.

Territory & Plan of Operation

The Company is licensed to transact business as a property and casualty insurer in Maine, Massachusetts, New Hampshire, and Vermont. The Company primarily writes homeowners, private passenger auto liability, and auto physical damage in Maine and New Hampshire.

Reinsurance

The Company ceded 100% of its business to NEIC, under a quota share agreement effective July 1, 2010. The Company did not assume any business from NEIC. Therefore, on a net basis there were no insurance related items on the Company's balance sheet and statement of income. NEIC is part of the TG pool whereby all business written directly or assumed is ceded to Tower Insurance Company of New York.

Effective January 1, 2012, the Company entered into a 100% quota share reinsurance agreement with Mountain Valley Indemnity Company ("MVIC"), an affiliate. Under this quota share agreement, all commercial inforce new and renewal premium as well as all related net loss and loss adjustment expense reserves of MVIC are ceded to the Company. The business assumed by the Company under this agreement is ceded to NEIC pursuant to the 100% quota share reinsurance agreement discussed above.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Maine Bureau of Insurance and present the financial condition of the Company for the period ending December 31, 2013. The accompanying comments on the financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

STATEMENT OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
as of December 31, 2013

Assets		
Bonds	$	37,517,785
Preferred stocks		2,912,025
Cash and short term investments		2,041,822
Other invested assets		2,475,589
Investment income due and accrued		60,006
Receivable from parent, subsidiaries and affiliates		759,140
Total assets	$	45,766,367
Liabilities		
Current federal income taxes		239,129
Net deferred tax liability		1,124
Total liabilities		240,253
Surplus		
Common capital stock		3,125,000
Gross paid in and contributed surplus		37,890,569
Unassigned funds		4,510,543
Surplus *(see Note 1)*		45,526,112
Liabilities and surplus	$	45,766,365

STATEMENT OF OPERATIONS
Year Ended December 31, 2013

Net investment income earned	$	1,098,809
Net realized capital gains (losses); net of taxes		(108,583)
Net investment income		990,226
Other income		-
Net income before federal income taxes		990,226
Federal income taxes		260,049
Net income	$	730,177

STATEMENT OF CAPITAL AND SURPLUS
Year Ended December 31, 2013

Surplus as regards policyholders December 31, 2012	$	44,976,342
Net Income		730,177
Change in net unrealized capital gains or (losses) net of capital gains tax		59,522
Change in net deferred income tax		(156,067)
Aggregate write-ins for gains and losses in surplus		(83,862)
Surplus as regards policyholders December 31, 2013 *(see Note 1)*	$	45,526,112

COMMENTS ON FINANCIAL STATEMENTS

Note 1 - Capital and Surplus

The following table describes the capital and surplus changes for the four year period since the MBOI's last examination of the Company, dated December 31, 2009:

Surplus, December 31, 2009	$	16,060,411
Net income		3,376,286
Change in net unrealized capital gains or (losses), net of capital gains tax		32,904
Change in net deferred income tax		(105,479)
Change in nonadmitted assets		2,386
Surplus adjustments: Paid in		27,000,000
Dividends to stockholders		(740,923)
Aggregate write-ins for gains or (losses) in surplus		(99,473)
Surplus, December 31, 2013	$	45,526,112

SUBSEQUENT EVENTS

On January 3, 2014, TGIL, the ultimate parent of the Company, entered into an Agreement and Plan of Merger ("the Merger Agreement") with ACP Re, Ltd. ("ACP Re") and London Acquisition Company, Ltd. ("LACL"), a wholly owned subsidiary of ACP Re. ACP Re is a Bermuda-based reinsurance company which historically reinsured a portion of the property and casualty business of National General Holdings Corporation ("NGHC"). The controlling shareholder of ACP Re is a trust established by one of the founders of AmTrust Financial Services, Inc. ("AmTrust"), NGHC, and Maiden Holdings, Ltd.

The terms of the Merger Agreement indicate that TGIL would be merged with LACL and TGIL would be the surviving corporation and become a wholly owned subsidiary of ACP Re. Additionally, AmTrust would acquire the renewal rights and assets of TGIL's commercial lines insurance operations, and specialty personal lines insurer NGHC would acquire the renewal rights and assets of TGIL's personal lines insurance operations.

On January 3, 2014, TG pool members entered into a commercial lines cut-through quota share reinsurance agreement with Technology Insurance Company, Inc. ("TIC") in connection with the Merger Agreement. TIC is a New Hampshire domiciled affiliate of ACP Re and a subsidiary of AmTrust. The agreement requires the ceding companies to use the reinsurer's underwriting standards on all new and renewed policies. The reinsurer will assume 100% of all losses on non-excluded policies. The ceding companies will transfer the unearned premium of reinsured policies less a ceding commission and 100% of all premiums on new and renewed policies less a ceding commission.

On January 3, 2014, TG pool members entered into a personal lines cut-through quota share reinsurance agreement with Integon National Insurance Company ("INIC") in connection with the Merger Agreement. INIC is a North Carolina domiciled authorized insurance company that

is a subsidiary of NGHC and an affiliate of ACP Re. The terms of the personal lines cut-through reinsurance agreement are the same as the commercial lines described above.

On September 12, 2014, the application of ACP Re. to acquire control of the Company was approved through MBOI Hearing Decision INS-14-400.

On September 15, 2014, the MBOI dissolved the Corrective Order issued on December 13, 2013.

On September 15, 2014, the Merger Agreement of TGIL was completed. It is noted that as part of the merger, the Company entered into the following agreements effective September 15, 2014:

1. A loss portfolio transfer agreement ("LPT agreement") with CastlePoint Reinsurance Company, Ltd of Bermuda ('CP Re'), pursuant to which CP Re assumed all of the insurance liabilities of the Company as well as cash and invested assets equal to the assumed liabilities. Once the LPT agreement becomes effective, the Company will have no net claim liabilities. CP Re is an unauthorized Bermuda reinsurer that was part of the pre-merger TG holding company system.

2. A quota share reinsurance agreement with TIC, under which the Company prospectively cedes 100% of its commercial lines business issued pursuant to a managing general agent agreement between the Company and AmTrust North America, Inc.

3. A quota share reinsurance agreement with INIC under which the Company prospectively cedes 100% of its personal lines business issued pursuant to a managing general agent agreement between the Company and National General Insurance Marketing, Inc.

The two quota share reinsurance agreements and cut-through endorsements related to the commercial and personal lines dated January 3, 2014, were terminated on a run-off basis effective the September 15, 2014 merger agreement.

CP Re in turn entered into an aggregate stop loss reinsurance contract under which it is indemnified with respect to the liability that may accrue to it as a result of losses reinsured by CP Re under the loss portfolio agreement that it entered into with the Company, identified above. The coverage attaches at the first dollar of adverse development, based on the TGIL U.S. insurers' liabilities as of the closing of the Tower transactions.

There are two participating reinsurers, each with a 50% interest, in the aggregate stop loss reinsurance contract, which is several only. The two participating reinsurers are AmTrust International Insurance, Ltd. and National General Re, Ltd. which are subsidiaries of AmTrust and NGHC, respectively. The aggregate limit of liability of the reinsurers under this contract is $250 million with each reinsurer having a liability limited to $125 million. CP Re will pay $56 million dollars for this coverage on the fifth anniversary of the effective date of the contract.

Accordingly, based on the above agreements, as of September 15, 2014, the Company retains no net insurance risk.

SUMMARY OF RECOMMENDATIONS

There are no report level recommendations.

STATE OF MAINE
COUNTY OF KENNEBEC, SS

Vanessa J. Leon, being duly sworn according to law deposes and says that, in accordance with authority vested in her by Eric A. Cioppa, Superintendent, pursuant to the Insurance Laws of the State of Maine, an examination of the condition and affairs of the

YORK INSURANCE COMPANY OF MAINE

has been made as of December 31, 2013, and that the foregoing report of examination subscribed to by her is true to the best of her knowledge and belief. Risk and Regulatory Consulting, LLC, under contract with the Maine Bureau of Insurance, performed the examination.

Vanessa J. Leon, CFE

Subscribed and sworn to before me
This 5 day of August, 2015

Notary Public
My Commission Expires: June 12, 2016

KARMA Y. LOMBARD
Notary Public, Maine
My Commission Expires June 12, 2016