

**REPORT ON EXAMINATION**  
**OF**  
**OLD UNITED CASUALTY COMPANY**  
**8500 SHAWNEE MISSION PARKWAY, SUITE 200**  
**MERRIAM, KANSAS 66202**  
**AS OF**  
**DECEMBER 31, 2023**

**FILED**

June 6, 2025

**VICKI SCHMIDT**  
Commissioner of Insurance

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Merriam, Kansas  
June 3, 2025

Honorable Vicki Schmidt  
Commissioner of Insurance  
Kansas Department of Insurance  
1300 SW Arrowhead Rd  
Topeka, Kansas 66604-4019

Dear Commissioner:

In accordance with your authorization and pursuant to K.S.A. 40-222, an examination has been conducted of the financial condition and business affairs of:

**OLD UNITED CASUALTY COMPANY**

with its statutory home office and main administrative office at:

**5200 METCALF AVENUE, SUITE 101n  
OVERLAND PARK, KANSAS 66202**

hereinafter referred to as the "Company" or "Old United". The following report on such examination is respectfully submitted.

**SCOPE OF EXAMINATION**

The examiners have performed a multi-state financial examination of the Company, a Kansas-domiciled life insurance company. The last examination covered the four-year period from January 1, 2016, through December 31, 2019. This examination covers the four-year period from January 1, 2020, through December 31, 2023. The examination was conducted concurrently with the State of Arizona as part of a coordinated group financial examination of Old United Subgroup, part of the various insurance subgroups comprising Berkshire Hathaway Inc. ("BHI") as of December 31, 2023. The coordinated group financial examination included the participation of Arizona for Old United Life Insurance Company, its domestic, and Kansas, as the Lead State for

Old United Casualty Company.

The examination was conducted in accordance with the rules, regulations, and directives of the Kansas Department of Insurance (“Department”) and the observed guidelines and procedures contained in the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”). The Handbook requires that the examiners 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.

Those activities considered in the examination as key or critical to the Company included Investments, Reinsurance Ceded, Premium and Underwriting, Related Party, Capital and Surplus and Reserving and Claims Handling. The examination also included a review and evaluation of information technology general controls.

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 is documented separately following the Company’s financial statements.

This examination report includes significant findings of fact, as mentioned in K.S.A.

40-222, 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.

### **Independent Audit Reports**

Financial statements of the Company were audited by Grant Thornton LLP of Fort Lauderdale, Florida, for the years ending December 31, 2020, through December 31, 2023. In each of the years under examination, the auditors concluded that the financial statements of the Company present fairly, in all material respects, the admitted assets, liabilities and policyholders' surplus, the results of its operations and its cash flows for the years then ended in accordance with the statutory accounting practices prescribed or permitted by the Department.

The independent auditor's workpapers were reviewed and analyzed by the examiners. Significant reliance was placed on select workpapers during this examination.

### **Actuarial Review**

Old United retained the services of Lee Bowron, ACAS, MAAA, associated with the firm Kerper and Bowron, LLC of Birmingham, Alabama, to perform a review of the Company's actuarial practices and reserves as of December 31, 2023. The appointed actuary's review consisted of evaluating assumptions, methodologies, and calculations utilized by the Company in its reserve setting process.

## **COMPANY HISTORY**

### **General**

The Company was incorporated on May 20, 1988, as a Kansas domestic

insurance company and commenced business on April 20, 1989. It was organized as a capital stock company of property and casualty insurance under K.S.A. 40-901 et seq. - General Provisions Relating to Fire Insurance Companies and K.S.A. 40-1101 et seq. - General Provisions Relative to Casualty, Surety and Fidelity Companies.

Old United is a wholly owned subsidiary of Van Enterprises, Inc. (“Van Enterprises”), a diversified holding company incorporated in the State of Missouri. In March 2015, BHI, through its wholly owned subsidiaries National Indemnity Company (“National Indemnity”) and VT Insurance Acquisition Sub Inc., purchased all the shares of Van Enterprises and contributed the ownership of Van Enterprises to VT Insurance Acquisition Sub Inc.

### **Capital Stock**

As of December 31, 2023, the Company had 3,000,000 shares of common stock authorized, issued and outstanding at \$1.00 per share, resulting in total paid-in common capital stock of \$3,000,000.

### **Dividends and Capital Contributions**

During the period under examination, Old United made a dividend payment of \$25,154,100 on August 29, 2022, to National Indemnity<sup>1</sup>. Subsequent to the examination period, the Company declared a dividend of \$131,900,000 in December 2024, to be paid at a later date.

## **CORPORATE RECORDS**

The Company’s articles of incorporation and bylaws were reviewed. There were

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<sup>1</sup> On August 15, 2022, the Company approved a dividend of 342,000 common stock shares of Occidental Petroleum Corporation to Van Enterprises. Then, Van Enterprises approved a dividend of those same shares to VT Insurance Acquisition Sub Inc., which in turn approved a dividend of the shares to National Indemnity with a value and settlement date of August 29, 2022.

no amendments to the articles of incorporation or the bylaws during the examination period.

## **MANAGEMENT AND CONTROL**

### **Ownership**

As of December 31, 2023, Van Enterprises owns 100% of the Company's outstanding capital stock.

### **Board of Directors**

The Company's bylaws consist of eight (8) articles that provide the framework for the operation, management, and control of the Company. The Company is managed under the direction of its board of directors ("Board").

Pursuant to the Company's bylaws, the Board should consist of no fewer than three (3) nor more than fifteen (15) directors. At the annual meeting, the stockholder shall elect directors, each of whom will hold office for a term of one year or until such director's earlier resignation or removal. The directors elected and serving as of December 31, 2023, were as follows:

<b><u>Name</u></b>	<b><u>Principal Occupation and Business Affiliation</u></b>
Jeffrey Rachor	Chief Executive Officer Berkshire Hathaway Automotive
Delwyn James	Chief Administrative Officer Berkshire Hathaway Automotive
Glen Mayer	President Old United Casualty Company
Tim McGill	Secretary, Treasurer Old United Casualty Company

## **Committees**

The Company's bylaws stipulate that the Board may designate one (1) or more committees of the Board. The Board serves as the Audit Committee, the Company's only committee, as of December 31, 2023.

## **Officers**

Pursuant to the bylaws, the Company may consist of a Chairman of the Board, President, Secretary, Treasurer, one or more Assistant Secretaries and one or more Assistant Treasurers. The following is a listing of officers, and their position(s) held as of December 31, 2023:

<b><u>Name</u></b>	<b><u>Office</u></b>
Glen Mayer	President
Tim McGill	Treasurer and Secretary

## **INSURANCE HOLDING COMPANY SYSTEM**

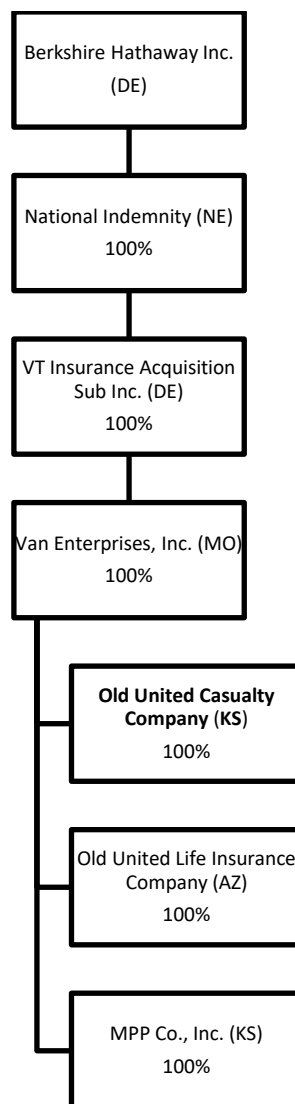
K.S.A. 40-3305 requires a domestic insurer that is part of an insurance holding company system to file appropriate registration statements with the Commissioner of Insurance. The Company has submitted Forms "B" and "C" registration statements to the Department for each of the years under examination. A review of the registration statements indicated that the items and events pertaining to the Company were properly reported as required by statute.

Old United is a wholly owned subsidiary of Van Enterprises, a Missouri corporation with principal offices located in Merriam, Kansas. Van Enterprises is a wholly owned subsidiary of National Indemnity, domiciled in the State of Nebraska. The Ultimate Controlling Person is Berkshire Hathaway Inc ("BHI"), incorporated in the State of



Delaware.

The abbreviated organizational chart below illustrates the identities and intercompany relationships among insurance and non-insurance companies and the controlling entities thereof, as of December 31, 2023. Ownership is noted in percentages with the state of domicile noted in parentheses, and the Kansas domiciled insurer is bolded.



## **Intercompany/Cost Sharing Agreements**

The following is a brief description of significant agreements executed with affiliate entities that were in effect as of December 31, 2023.

### ***Management Services Agreement***

The Company and certain affiliates are party to a Management Service Agreement with MPP Co., Inc. ("MPP") effective January 1, 2004. MPP provides home office functions that include providing all needed personnel, various technical, supervisory, advisory, and supporting services. A cost-based consideration for the services was \$2,646,417, \$2,896,866, \$4,000,564, and \$4,505,391 in the years ending 2020, 2021, 2022, and 2023, respectively. This agreement was approved by the Department.

### ***Investment Management Agreement***

The Company and certain affiliates are party to an Investment Management Agreement, dated September 18, 2018, in which BHI was appointed as the investment manager. BHI is allowed to charge up to 0.2 basis points of the market value of the portfolio managed. No fees were charged by BHI to manage the investments of the Company throughout the examination period.

### ***Reinsurance Agreement***

The Company is a party to a 100% quota share reinsurance agreement with its affiliated company Vantage Reinsurance, LLC ("Vantage"). Further information regarding this agreement is contained in the Reinsurance section of this report.

### ***Tax Sharing Agreement***

The Company and certain affiliates are party to a Tax Allocation Agreement whereby BHI files a consolidated return for all parties, and the Company is only

responsible for the federal tax liability as if it filed on a separate tax return. The Company paid \$7,912,241, \$7,204,874, \$13,056,292, and \$27,715,708 under this agreement in the years ending, 2020, 2021, 2022, and 2023, respectively.

### **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2023, the Company is authorized to transact business in all fifty (50) states, District of Columbia and US Virgin Islands. The NAIC Schedule T Exceptions Report was reviewed for each of the states where the Company is licensed. No exceptions were noted.

The top three (3) states where Old United wrote direct written premiums as of December 31, 2023, were Kansas at 86.9%, Florida at 5.7%, and Texas at 4.2%.

As of December 31, 2023, the Company's largest lines of direct written premium were Warranty at 92.6%, Credit at 7.3%, and Surety at 0.1%.

### **SELECT FINANCIAL INFORMATION**

The exhibit below shows the Company's financial results for the period of December 31, 2020, through December 31, 2023. The financial amounts were obtained from annual statements filed by the Company.

	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<i>(\$000 omitted)</i>				
Admitted Assets	\$866,437	\$965,640	\$1,003,141	\$1,117,621
Liabilities	488,063	526,251	563,851	580,931
Capital and Surplus	378,374	439,389	439,290	536,690
Net Income (Loss)	35,079	34,875	54,540	71,730
Net Premium Written	164,726	189,766	213,927	210,751

## **REINSURANCE**

### **General**

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

*(\$000s omitted)*

<b>Premium Type</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Direct Premiums Written	\$ 193,097	\$ 221,640	\$ 242,662	\$ 240,035
Reinsurance Assumed	-	-	-	-
Reinsurance Ceded:	(28,371)	(31,874)	(28,735)	(29,284)
<b>Net Premiums Written</b>	<b>\$ 164,726</b>	<b>\$ 189,766</b>	<b>\$ 213,927</b>	<b>\$ 210,751</b>

### **Assumed Reinsurance**

The Company does not assume insurance.

### **Ceded Reinsurance**

The Company's ceded reinsurance program includes quota share reinsurance agreements with Vantage, IECD (SAP) Ltd. ("IECD") and Emerald Bay Reinsurance Ltd., SPC ("Emerald Bay") to reduce their exposure to vehicle service contract reimbursement, guaranteed auto protection, and other ancillary policies.

Vantage is a company organized and existing under the laws of Nevada and the Company cedes up to 100% of the net liability, on a quota share basis, from the vehicle service contract reimbursement and GAP written by specific automobile dealerships. The agreement includes a schedule of dealerships and a percentage of the business written that is assumed from each of those dealerships on an earned premium basis that were in force as of May 29, 2015, which is the effective date of the agreement. The Company ceded approximately \$25,723,000 of premiums as of December 31, 2023.

IECD is a company domiciled in Bermuda. The Company obligates itself to cede to IECD on a written basis, and IECD obligates itself to accept from the Company, quota

share insurance of the Company's net liability for losses, if any, under policies, agreements and binders of insurance or reinsurance issued by the Company during the term of the agreement and classified to include vehicle service contract reimbursement, GAP, and other ancillary products produced by accounts under a quota share reinsurance agreement effective January 1, 2018. The Company ceded approximately \$3,124,000 of premiums as of December 31, 2023.

Emerald Bay is a company domiciled in the Cayman Islands. The Company cedes the guaranteed auto protection contracts generated by Henna Chevrolet in Texas and the other states under two separate 100% quota share reinsurance agreements effective August 1, 2009. The Company is a beneficiary of a trust established by Emerald Bay to allow the Company to take the reinsurance credit for ceding approximately \$437,000 of premiums as of December 31, 2023.

All reinsurance agreements in effect during the examination contained insolvency and cancellation clauses as required by K.S.A. 40-221a. All reinsurance agreements reviewed provided for the transfer of risk. However, the Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event an assuming reinsurer fails to perform its obligations under the reinsurance contract.

### **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2023. There were no adjustments to the

Company's filed statutory financial statements as a result of this examination. The failure of a column of numbers to add to its respective total is due to rounding or truncation.

**OLD UNITED CASUALTY COMPANY  
STATEMENT OF ASSETS  
AS OF DECEMBER 31, 2023**

	Assets	Assets Nonadmitted	Net Admitted Assets
Bonds	\$18,547,129	\$ -	\$18,547,129
Common stocks	112,959,390	-	112,959,390
Cash and cash equivalent	974,125,869	-	974,125,869
Receivables for securities	381	-	381
Investment income due and accrued	136,020	-	136,020
Uncollected premiums and agent's balances in the course of collection	11,853,971	2,841	11,851,130
Amounts recoverable from reinsurers	1,246	-	1,246
Aggregate write-ins for other-than invested assets	41,762	41,762	-
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,117,665,768	44,603	1,117,621,165
Totals	<u>\$1,117,665,768</u>	<u>\$44,603</u>	<u>\$1,117,621,165</u>

**OLD UNITED CASUALTY COMPANY**  
**STATEMENT OF LIABILITIES, AND SURPLUS AND OTHER FUNDS**  
**AS OF DECEMBER 31, 2023**

Losses	\$7,142,510
Commissions payable, contingent commissions and other similar changes	5,588,005
Other expenses	462,784
Taxes, licenses and fees	751,270
Current federal and foreign income taxes	(4,556,451)
Net deferred tax liability	709,121
Unearned premiums	560,607,338
Advance premium	5,983
Ceded reinsurance premiums payable	3,962,973
Funds held by company under reinsurance treaties	6,084,072
Remittances and items not allocated	169,110
Provision for reinsurance	4,000
Total liabilities excluding protected cell liabilities	<u>\$580,930,715</u>
Total Liabilities	<u>\$580,930,715</u>
Common capital stock	\$3,000,000
Gross paid in and contributed surplus	1,000,000
Unassigned funds (surplus)	<u>532,690,452</u>
Surplus as regards policyholders	<u>\$536,690,452</u>
Total	<u><u>\$1,117,621,167</u></u>

**OLD UNITED CASUALTY COMPANY**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Premiums earned	\$187,271,451
Losses incurred	82,937,827
Other underwriting expenses incurred	61,517,004
Total underwriting deductions	144,454,831
Net Underwriting gain (loss)	<u>\$42,816,620</u>
Net Investment income earned	\$46,687,922
Net realized capital gains (losses) less capital gains tax	<u>(175,052)</u>
Net Investment gain (loss)	\$46,512,870
Aggregate write-ins for miscellaneous income	<u>2,245,749</u>
Total other income	<u>\$2,245,749</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	<u>91,575,239</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$91,575,239
Federal and foreign income taxes incurred	<u>19,845,096</u>
Net income	<u>\$71,730,143</u>



**OLD UNITED CASUALTY COMPANY  
CAPITAL AND SURPLUS ACCOUNT  
RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

	2020	2021	2022	2023
Surplus as regards policyholders, December 31 prior year	\$333,444,375	\$378,374,190	\$439,389,047	\$439,289,628
Net income (loss)	35,078,903	34,875,138	54,539,701	71,730,143
Change in net unrealized capital gains or (losses)	9,584,195	25,196,212	(29,562,531)	24,957,031
Change in net deferred income tax	279,107	907,955	85,927	732,239
Change in nonadmitted assets	(13,502)	8,552	(9,416)	(17,591)
Change in surplus as a result of reinsurance	1,112	27,000	1,000	(1,000)
Dividends to stockholders	0	0	(25,154,100)	0
Surplus as regards policyholders, December 31 current year	<u>\$378,374,190</u>	<u>\$439,389,047</u>	<u>\$439,289,628</u>	<u>\$536,690,450</u>

### **ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS**

No adjustments were made to surplus as a result of this examination. The capital and surplus of the Company as of December 31, 2023, of \$536,690,452, was the same amount reported by the Company in its 2023 filed Annual Statement.

### **COMMENTS ON FINANCIAL STATEMENTS**

There were no significant or material findings resulting from the examination that warranted inclusion in this Report on Examination.

### **SUBSEQUENT EVENTS**

No significant or material subsequent events were identified that warranted inclusion in this Report on Examination.

### **SUMMARY OF RECOMMENDATIONS**

There were no recommendations made during the examination.

## **CONCLUSION**

The assistance and cooperation by the officers of Old United during this examination is hereby acknowledged and appreciated. In addition to the undersigned, Scott Reeves, CFE and Lindsey Pittman, CFE, CPA, AES, CISA, IT Examiner, all with Lewis & Ellis, LLC assisted on the examination. An actuarial review of the Company was performed by Katie Koch, FSA, MAAA of Lewis & Ellis, LLC.

Respectfully submitted,

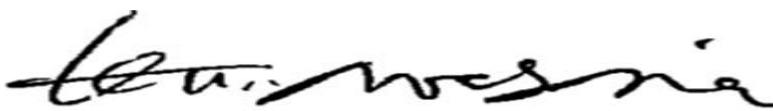


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Ryne Davison, CFE  
Examiner-in-Charge  
Lewis & Ellis, LLC  
representing the Kansas Department of  
Insurance

### **SUPERVISION**

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Handbook has been confirmed except where practices, procedures and applicable regulations of the Department and statutes of the State of Kansas prevailed.

A handwritten signature in black ink, appearing to read "Levi Nwasoria", written over a horizontal line.

Levi Nwasoria, CPA, CFE  
Chief Examiner  
Kansas Department of Insurance


State of NEBRASKA,

County of CLARKE,

Ryne Davison, being duly sworn, states as follows:

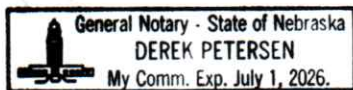
1. I have authority to represent the Kansas Department of Insurance in the examination of Old United Casualty Company.
2. The Kansas Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Old United Casualty Company was performed in a manner consistent with the standards and procedures required by K.S.A 40-222.

The affiant says nothing further.

  
Examiner's Signature

Subscribed and sworn before me by RYNE DAVISON on this 5<sup>TH</sup> day of JUNE, 20 25.

(SEAL)



  
Notary Public

My commission expires July 1, 2026 [date].