

China America Insurance Company, Ltd.

DISSOLUTION REVIEW
OF
CHINA AMERICA INSURANCE COMPANY, LTD.
AS OF
December 31, 2004

State of Delaware



Department of Insurance

Dover, Delaware



I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON DISSOLUTION EXAMINATION, made as of December 31, 2004 of the

CHINA AMERICA INSURANCE COMPANY, LTD.

is a true and correct copy of the document filed with this Department.

ATTEST BY: *Antoinette Handy*

DATE: 8 November 2005

In Witness Whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 8TH DAY OF NOVEMBER 2005



Matthew Denn
Insurance Commissioner

Deputy Insurance Commissioner

REPORT ON DISSOLUTION EXAMINATION
OF THE
China America Insurance Company, Ltd.
AS OF
December 31, 2004

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted, and filed as an official record of this Department.



MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 8TH day of November, 2005.

China America Insurance Company, Ltd.

June 30, 2005

Honorable Matthew Denn
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19901

Dear Commissioner Denn:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 05-014, a Dissolution Review was conducted upon

CHINA AMERICA INSURANCE COMPANY, LTD.

hereinafter referred to as Company, incorporated under the laws of the State of Delaware, on December 19, 1986. On October 11, 2004 Company's sole stockholder, in an Action by Unanimous Written Consent, authorized the procedures necessary to dissolve the Company subject to regulatory approval. The Company's statutory home office is located at 2711 Centerville Road, Suite 400, Wilmington, DE 19808. The review was performed at the Company's administrative office located at 70 Pine Street, New York, New York.

The report of this review is respectfully submitted.

The last examination of the Company was performed as of December 31, 2002. This dissolution review will present the financial position of the Company as of December 31, 2004, and include a review of transactions and activities attendant to the dissolution of the Company from October 11, 2004 up to June 30, 2005.

As a part of this review the following documents and agreements were in part, reviewed and accepted:

- Reviewed unanimous written consents
The sole Stockholder determined to take the steps necessary to dissolve China America Insurance Company, LTD.
- Reviewed Aggregate Loss Ratio Agreement
This agreement reinsures the net excess liability which shall accrue to the Company under all binders, policies and other contracts of insurance or reinsurance covering all business during the term of the agreement. The agreement was in effect from January 1, 1999 to November 30, 2004.
- Reviewed 2002 Report of Examination
Prepared and issued by the Delaware Department of Insurance.
- Reviewed 2004 Annual Statement
The balance sheet presented in this Dissolution Review was prepared based on amounts reported by the Company and filed with the Delaware Department of Insurance.
- Reviewed Transfer and Assumption Agreements
Transfer and Assumption Agreements were executed whereby, American Home Assurance Company, Hong Kong Branch (“AHAC-H.K.”) covers business written in China and the National Union Fire Insurance Company of Pittsburgh, Pa (“NUFIC”) covers business written exclusive of China. Pursuant to these agreements, 100% of the past, present and future rights, liabilities and obligations of the Company both disclosed and undisclosed, under all binders, policies, contracts, certificates and other obligations or agreements of insurance and assumed reinsurance business to which the Company is a party or obligated are assumed by AHAC-H.K. and NUFIC, respectively.

Following the transfer the Company shall have no rights, duties, obligations or liabilities with respect to the policies.
- Reviewed Chinese Insurance Commissioners approval of business transfer
The Chinese Commissioner of Insurance approved the Transfer and Assumption Agreement and dissolution of the Company.
- Reviewed Company trial balances
A cursory review was made of the Company December 31, 2004 and May 31, 2005 trial balances.
- Verified settlement of funds
Reviewed documentation supporting the final settlement of funds due relative to the Transfer and Assumption Agreements.

The Company balance sheet at December 31, 2004 is presented below:

Assets

Bonds	\$15,803,488
Cash	645,723
Short-term investments	6,214,440
Receivable for securities	47,125
Investment income due and accrued	249,975
Current federal and foreign income taxes recoverable	288,106
Receivables from parent, subsidiaries and affiliates	1,790,915
Aggregate write-ins for other than invested assets	<u>12,554</u>
Total Assets	<u>\$25,052,326</u>

Liabilities

Other expenses	\$ 99,024
Net deferred tax liability	8,801
Payable to parent, subsidiaries and affiliates	<u>1,517,332</u>
Total Liabilities	\$ 1,625,157

Common capital stock	\$ 8,000,000
Gross paid in and contributed surplus	2,000,000
Unassigned funds (surplus)	<u>13,427,169</u>
Capital and Surplus	\$23,427,169

Total Liabilities, Capital and Surplus \$25,052,326

Net income for 2004 \$ 7,655,671

The following changes have occurred in the Company's balance sheet since the last examination:

Date	December 31, 2002	December 31, 2004	Variance
Admitted Assets	\$49,852,874	\$25,052,326	\$(24,800,548)
Liabilities	\$35,969,004	\$1,625,157	\$(34,343,847)
Capital and Surplus	\$13,883,870	\$23,427,169	\$9,543,299

Conclusion

Based on the review of documents and agreements relevant to the dissolution of the Company, it appears that CAIC, has no current or future policy or claim obligations. Pursuant to the corporate minutes CAIC will be dissolved and its certificate of authority to transact business will be terminated.

CAIC stopped writing direct business in 2000. Pursuant to Transfer and Assumption Agreements all policy and claim obligations have been assumed by National Union Fire Insurance Company of Pittsburgh, Pa. and American Home Assurance Company, Hong Kong Branch.

Respectfully submitted,



Beverly A. Dale, CFE, CIE, FLMI, CPA
Examiner-in-Charge