

EXAMINATION REPORT
OF
KNIGHTBROOK INSURANCE COMPANY
AS OF
DECEMBER 31, 2019

Office of the
Commissioner



Delaware
Department of Insurance

REPORT ON EXAMINATION
OF
KNIGHTBROOK INSURANCE COMPANY
AS OF
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The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly 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.

Trinidad Navarro
Insurance Commissioner

Dated this 14 day of June, 2021

TABLE OF CONTENTS

SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS	3
COMPANY HISTORY	3
CAPITALIZATION.....	4
DIVIDENDS	4
MANAGEMENT AND CONTROL	4
DIRECTORS	4
OFFICERS	5
CORPORATE RECORDS	5
INSURANCE HOLDING COMPANY SYSTEM	5
AGREEMENTS WITH AFFILIATES	8
TERRITORY AND PLAN OF OPERATION	10
REINSURANCE.....	11
FINANCIAL STATEMENTS	12
STATEMENT OF ASSETS	13
STATEMENT OF LIABILITIES, SURPLUS AND OTHER FUNDS	14
STATEMENT OF INCOME.....	15
RECONCILIATION OF CAPITAL AND SURPLUS.....	16
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION	17
COMMENTS ON FINANCIAL STATEMENT ITEMS.....	17
SUBSEQUENT EVENTS	17
SUMMARY OF RECOMMENDATIONS	19

May 27, 2021

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street, Suite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 20.033, dated December 16, 2020, an examination has been made of the affairs, financial condition and management of

KNIGHTBROOK INSURANCE COMPANY

hereinafter referred to as KBIC or the Company. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at Brandywine Village, 1807 North Market Street, Wilmington, Delaware 19802. The administrative office of the Company is located at 4751 Wilshire Boulevard #111, Los Angeles, California 90010. The examination was conducted remotely given office closures and travel restrictions in connection with the COVID-19 pandemic. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The previous full scope examination of the Company was conducted by the Delaware Department of Insurance (Department) and covered the three-year period from January 1, 2014 through December 31, 2016. This examination covers the three-year period from January 1, 2017 through December 31, 2019.

The examination was conducted concurrently with our examination of the Company's affiliate, Knight Specialty Insurance Company (KSIC).

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC 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, pursuant to the *General Corporation Laws* of the State of Delaware, as required by 18 *Del. C.* §321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, KPMG LLP (KPMG). Certain work papers for KPMG's

2019 audit of the Company and certain of its affiliates have been incorporated into the work papers of the examiners. The work papers were utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

The Company was incorporated on December 17, 1934, under the laws of the State of Delaware as a mutual property and casualty reinsurance company. The Company's original name was Excess Mutual Reinsurance Company. As of December 31, 1995, the Company was converted to a stock company and its name was changed to Excess Reinsurance Company. On July 1, 2008, the Company was acquired by KnightBrook, LLC (KB LLC). Simultaneous to this transaction, Northwestern Insurance Company, an insurer domiciled in the State of Pennsylvania, was merged into the Company. On July 21, 2008, the Company was renamed KBIC.

The original acquisition of the Company by KB LLC was structured as a joint venture between Don Robert Hankey and the owners of Venbrook Insurance Holdings, LLC (Venbrook), whereby Don Robert Hankey (with other related party minority shareholders) ultimately owned and controlled 68% of KB LLC and Venbrook owned the remaining 32%. Effective October 2, 2015, Venbrook was completely divested of its ownership in KB LLC and the Company. After the Venbrook divestiture, various intermediate holding companies were dissolved, and the insurance holding company structure was simplified. On December 31, 2020, KB LLC merged into Knight Insurance Company, Ltd. (KIC) with KIC as the surviving entity.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of three million shares of common stock with a par value of \$3.73 per share. As of December 31, 2019, the Company had 1.13 million common shares issued and outstanding totaling \$4.2 million. All outstanding common shares of the Company were owned by KIC. As of December 31, 2019, the Company reported gross paid in and contributed surplus of \$114.3 million.

Dividends

No stockholder dividends were declared or paid during the examination period.

MANAGEMENT AND CONTROL

Directors

Pursuant to the *General Corporation Laws* of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the business and affairs of the Company must be exercised by, or under the authority of, its Board of Directors (Board). The Company's bylaws require its Board consist of not less than five or more than thirteen individuals. Directors are elected annually by the stockholder and hold office until his or her successor is elected and qualified. Directors duly elected and serving as of December 31, 2019, were as follows:

<u>Name</u>	<u>Business Affiliation</u>
Don Robert Hankey	Chairman of the Board and Chief Executive Officer Hankey Group
Bret Conrad Hankey	President Hankey Group
Amit Bharkat Kumar Shah	President Knight Insurance Group
Gracia Slamet	Chief Financial Officer Hankey Investment Company

John Martin Rygh

General Counsel
Knight Insurance Group

Officers

Officers were appointed in accordance with the Company's bylaws during the period under examination. The bylaws state the following executive officers may be elected by the Board: a Chairman of the Board, a President, a Chief Executive Officer, a Vice President, a Secretary and a Treasurer. The Board may appoint other officers and agents at its discretion. Any number of offices may be held by the same person. The primary officers serving as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u>
Don Robert Hankey	Chairman and Chief Executive Officer
Amit Bharatkumar Shah	President
John Martin Rygh	General Counsel and Secretary
Bret Conrad Hankey	Assistant Secretary

Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including approval of investment transactions as required by 18 *Del. C.* §1304. In addition, review of Company files indicated that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination as required by 18 *Del. C.* §4919.

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined under 18 *Del. C.* §5001 of the Delaware Insurance Code. Don Robert Hankey has been the Company's

ultimate controlling party since 2008. The following is an organizational chart of the insurance holding company system as of December 31, 2019 including certain entities organized subsequently:

<u>Company</u>	<u>Domicile</u>
Don Robert Hankey Trust	Not Applicable
Knight Services, Inc.	California
Knight Management Insurance Services, LLC ¹	California
Knight Management Company, LLC ²	California
Shield Funding, LLC ³	Delaware
KnightBrook, LLC ⁴	Delaware
Knight Insurance Company, Ltd.	Cayman Islands
KnightBrook Insurance Company	Delaware
Guilderland Insurance Company	New York
Knight Specialty Insurance Company	Delaware
Knight Insurance Company SPC	Cayman Islands

¹Knight Management Insurance Services, LLC is owned by the Don Robert Hankey Trust, Amit Bharatkumar Shah and Bret Conrad Hankey who own 75%, 12.5% and 12.5% interest, respectively.

²Knight Management Company, LLC was formed subsequent to the examination period and is owned by the Don Robert Hankey Trust, Amit Bharatkumar Shah and Bret Conrad Hankey who own 75%, 12.5% and 12.5% interest, respectively.

³Shield Funding, LLC was formed subsequent to the examination period and is owned by the Don Robert Hankey Trust, Amit Bharatkumar Shah, Bret Conrad Hankey and the Deborah Hankey Bowles Revocable Living Trust who own 25%, 25%, 25% and 25% interest, respectively.

⁴KB LLC is owned by the Don Robert Hankey Trust, Debbi Bowles, LLC, Amit Bharatkumar Shah, the R&B Trust, Bret Conrad Hankey and Don Rufus Hankey who own 94.66%, 2.31%, 1.45%, 0.82%, 0.38% and 0.38% interest, respectively. Subsequent to the examination period, KB LLC was merged into KIC with KIC as the surviving company. The owners and percentage interest owned in KIC remained the same as those of KB LLC.

The following is a description of the legal entities in the insurance holding company system with significant affiliated relationships with the Company followed by a summary of the significant agreements:

- KB LLC was formed on January 22, 2008, to own subsidiaries engaged in insurance activities. Subsequent to the examination period, KB LLC was merged into KIC effective December 31, 2020, with the surviving company KIC.
- KIC was incorporated as an exempted company under the laws of the Cayman Islands in 1993 and is the holder of a Class B (iii) Insurer's License. KIC's business is assumed via

fronting arrangements with unaffiliated insurers or from reinsurance treaties with affiliates, including the Company and KSIC. The majority of the insurance assumed by KIC is related to automobile and general liability coverages.

- KSIC is a surplus lines insurer domiciled in the State of Delaware. KSIC was formed in 2013 to write excess and surplus lines of insurance with a significant portion to be reinsured by KIC.
- Guilderland Reinsurance Company (GRC) is a property and casualty reinsurance company domiciled in the State of New York. GRC was acquired by KB LLC in 2008 as an existing wholly owned subsidiary of Excess Reinsurance Company - the entity that is now the Company. The Company has been in run-off since 2007, having cancelled, non-renewed or allowed to expire, all its assumed reinsurance business.
- Knight Management Insurance Services, LLC (KMIS) was organized in the State of California in 1999. KMIS is a licensed property and casualty insurance agent, which provides program management, underwriting, policy production and claims management services to affiliated and unaffiliated insurers. KMIS produces and administers the majority of the business written and/or assumed by the Company, KSIC and KIC.
- Knight Services, Inc. (KSI) was incorporated in the State of California in 1997 and does business as Hankey Cash Management. KSI performs cash management services for entities controlled by the Company's majority shareholder and ultimate controlling party. KSI is a General Partner of Hankey Investment Company, LP (HIC). HIC's primary operations consists of real estate investments and loan servicing.

- Knight Management Company, LLC (KMC) was organized in the State of California in 2019 and performs general agent duties for all existing and new programs on behalf of the Company and its insurance company affiliates.
- Knight Insurance Company SPC (Knight SPC) was organized in 2018 as a limited liability company in the Cayman Islands and is a segregated portfolio company or protected cell company. The entity expects to begin operations in 2021 and will facilitate non-affiliated entities to reinsure programs written by KIC.
- Shield Funding, LLC was organized in the State of Delaware in 2020 to engage in the financing of insurance premiums on behalf of the Company and its insurance company affiliates.

Agreements with Affiliates

The following is a summary of the Company's significant affiliated agreements in force as of December 31, 2019:

Management Agreement

Effective July 1, 2008, and amended March 18, 2011, April 26, 2011, August 1, 2011 and September 1, 2011, the Company entered into a Management Agreement with KMIS. In accordance with the agreement, KMIS provides all personnel, equipment and facilities to the Company. KMIS is authorized and responsible for management of direct and third-party assigned services including underwriting risk management services, regulatory services, home office services, accounting services, claims management services and accounting and cash records services. Underwriting risk management services consist of all program administration duties including program reinsurance placement and related underwriting reporting and results. Claims management services include management of all direct claims services as well as management of

responsibilities assigned to any third-party claims' manager. The Company reimburses KMIS for direct costs and an allocation of indirect and shared costs associated with the services provided. Per the agreement, indirect and shared expenses must be allocated in accordance with the NAIC *Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles No. 70 – Allocation of Expenses*.

Information Technology Service Agreement

Effective January 2, 2011, the Company became party to an Information Technology Service Agreement between KMIS and Nowcom Corporation, Inc. (Nowcom). In accordance with the agreement, Nowcom provides KMIS hardware, software, network, web, email and internet goods and services as it relates to the Company. In return, KMIS reimburses Nowcom for direct costs based on Nowcom's actual cost without a profit factor. Per the agreement, indirect and shared expenses must be allocated in accordance with the NAIC *Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles No. 70 – Allocation of Expenses*.

Tax Allocation Agreement

Effective November 2, 2017, the Company entered a Tax Allocation Agreement with KHI and KHI subsidiaries including KBLLC, KIC, KSIC and GRC for taxable years commencing on and after January 1, 2017. In accordance with the agreement, each participant calculates its federal corporate tax liability as if it were filing on a separate return basis. KHI is responsible to file and pay all federal corporate tax liabilities, and each participant makes/receives payment to/from KHI based on a separate return basis. Estimated payments made by KHI are reimbursed by each participant quarterly when tax is due. Subsequent to the examination period, this Tax Allocation

Agreement was terminated and replaced by a new agreement with a January 14, 2020 effective date that covers tax years commencing on and after January 1, 2019.

Investment Management Agreement

Effective January 2, 2019, the Company became party to an Investment Management Agreement by and between Don Robert Hankey, KIC and KIC subsidiaries including the Company, KSIC, GRC and Knight SPC. In accordance with the agreement, Don Robert Hankey serves as the investment manager for the parties to the agreement and may employ an affiliate or other third party to perform any accounting, administrative, reporting and ancillary services that may be necessary. Services provided under the agreement are subject to investment guidelines and applicable statutes as specified in the agreement. The Company pays Don Robert Hankey a fee for services provided as specified within the agreement.

Cash Management Agreement

Effective August 20, 2019, the Company entered into a Cash Management Agreement by and between, the Company, KSI and KSIC. In accordance with the agreement, KSI provides centralized cash management services to the Company and KSIC. The agreement specifies the terms and conditions whereby interest may be earned or due under the agreement as well as costs that may be incurred for maintaining the depository account and specified cash management fees.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write business in all fifty states. Since its acquisition by KB LLC in 2008, the Company has operated as a provider of specialized insurance product offerings on a program basis. The Company partners with Managing General Agents (MGAs) and program administrators to participate in different insurance programs. Lines of business and its respective programs include commercial auto liability, commercial general liability, specialty insurance and

general liability. For the year ended December 31, 2019, approximately 99% of the Company's gross written premium was produced by KMIS through various agreements with affiliates of the Company's ultimate controlling party and unaffiliated MGAs.

REINSURANCE

The Company reported the following distribution of gross and net premium written for the years ended December 31, 2019, and the prior examination date of December 31, 2016:

	2019	% of Gross Premium Written	2016	% of Gross Premium Written
Direct business	\$ 41,617,411	63.73%	\$ 32,689,025	100%
Reinsurance assumed from affiliates	23,684,341	36.27%	-	-
Gross premiums written	<u>\$ 65,301,752</u>	100%	<u>\$ 32,689,025</u>	100%
Reinsurance ceded to affiliates	\$ 20,608,790	31.56%	\$ 2,695,125	8.2%
Reinsurance ceded to non-affiliates	(32,461)	-0.05%	22,298,911	68.2%
Total ceded	<u>\$ 20,576,329</u>	31.51%	<u>\$ 24,994,036</u>	76.5%
Net premiums written	<u>\$ 44,725,423</u>	68.49%	<u>\$ 7,694,989</u>	23.5%

The Company's primary reinsurance programs consist of an affiliated assumed reinsurance arrangement and an affiliated ceded reinsurance program. Additionally, the Company seeks to limit its loss exposure on certain risks by entering into reinsurance contracts with third party reinsurers. The following is a summary of each program.

Assumed Reinsurance

The Company's primary assumed reinsurance transactions relate to a 100% quota share agreement with KIC. The agreement became effective April 1, 2017 and covers the Equity Protection Program produced and administered by KMIS on behalf of KIC. KIC assumes the business under a fronting agreement with a national AM Best A rated carrier and retrocedes the business to the Company.

Ceded Reinsurance

The Company cedes business to KIC under two affiliated quota share agreements. The first agreement was originally effective July 1, 2009 and was a 70% quota share reinsurance agreement covering all programs' premiums and losses. Effective April 1, 2017, the agreement was terminated prospectively. The second agreement is a variable quota share reinsurance agreement effective April 1, 2018 and continuing until termination by either party subject to a sixty-day prior written notice. This agreement allows the Company flexibility to service various programs with differing commission and quota share percentages. As of December 31, 2019, two programs were covered under the agreement with 100% and 80% quota shares, respectively. Both covered programs had a 5% commission rate.

Additionally, the Company maintains quota share and excess of loss reinsurance contracts with third party reinsurers to provide reinsurance protection for certain programs insured by the Company.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets as of December 31, 2019
- Statement of Liabilities, Surplus and Other Funds as of December 31, 2019
- Statement of Income for the Year Ended December 31, 2019
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2016 to December 31, 2019

Statement of Assets
As of December 31, 2019

	Ledger	Nonadmitted	Net Admitted
	<u>Assets</u>	<u>Assets</u>	<u>Assets</u>
Bonds	\$ 67,859,362	\$ -	\$ 67,859,362
Preferred stocks	282,400	-	282,400
Common stocks	73,777,828	-	73,777,828
Real Estate - Properties occupied by the company	47,949	-	47,949
Cash	22,226,400	-	22,226,400
Investment income due and accrued	972,071	-	972,071
Uncollected premium and agents' balances in course of collection	6,219,266	392,147	5,827,119
Amounts recoverable from reinsurers	1,177,573	-	1,177,573
Current federal income tax recoverable and interest thereon	18,827	-	18,827
Net deferred tax asset	145,166	-	145,166
Aggregate write-ins for other than invested assets	4,220,593	-	4,220,593
Total assets	<u>\$ 176,947,435</u>	<u>\$ 392,147</u>	<u>\$ 176,555,288</u>

Statement of Liabilities, Surplus and Other Funds
As of December 31, 2019

		<u>Notes</u>
Losses	\$ 21,601,504	1
Reinsurance payable on paid losses and loss adjustment expenses	461,845	
Loss adjustment expenses	733,893	1
Commission payable, contingent commissions and other similar charges	1,754,555	
Other expenses	62,222	
Taxes, licenses and fees	271,266	
Unearned premiums	10,043,459	
Ceded reinsurance premiums payable	3,710,251	
Funds held by company under reinsurance treaties	35,591,706	
Amount withheld or retained by company for account of others	859,104	
Payable to parent, subsidiaries and affiliates	10,937	
Aggregate write-ins for liabilities	<u>7</u>	
Total liabilities	<u>\$ 75,100,749</u>	
Common capital stock	\$ 4,218,200	
Gross paid in and contributed surplus	114,331,396	
Unassigned funds (surplus)	<u>(17,095,057)</u>	
Total surplus as regards policyholders	<u>\$ 101,454,539</u>	
Total liabilities, capital and surplus	<u><u>\$ 176,555,288</u></u>	

Statement of Income
For the Year Ended December 31, 2019

Premiums earned	\$	44,662,175
DEDUCTIONS:		
Losses incurred		13,796,469
Loss adjustment expenses incurred		3,188,578
Other underwriting expenses incurred		<u>14,911,449</u>
Total underwriting deductions	\$	<u>31,896,496</u>
 Net underwriting gain or (loss)	 \$	 <u>12,765,679</u>
INVESTMENT INCOME:		
Net investment income earned	\$	4,439,018
Net realized capital gains or (losses)		<u>(797,878)</u>
Net investment gain or (loss)	\$	<u>3,641,140</u>
OTHER INCOME (LOSS):		
Net gain (loss) from agents' or premium balances charged off	\$	(11,474)
Finance and services charges not included in premiums		588,722
Aggregate write-ins for miscellaneous income (expense)		<u>(27,468)</u>
Total other income	\$	<u>549,780</u>
 Net income before federal income taxes	 \$	 <u>16,956,599</u>
Federal and foreign income taxes incurred		<u>(2,613,718)</u>
Net income	\$	<u><u>19,570,317</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2016 to December 31, 2019

	Common Capital Stock	Gross Paid In & Contributed Surplus	Unassigned Funds (Surplus)	Total
December 31, 2016	\$ 4,218,200	\$ 114,331,396	\$ (57,563,227)	\$ 60,986,369
2017 Net Income	-	-	7,237,881	7,237,881
2017 Other Changes ¹	-	-	2,837,798	2,837,798
December 31, 2017	<u>\$ 4,218,200</u>	<u>\$ 114,331,396</u>	<u>\$ (47,487,548)</u>	<u>\$ 71,062,048</u>
2018 Net Income	-	-	10,234,019	10,234,019
2018 Other Changes ¹	-	-	(8,821,557)	(8,821,557)
December 31, 2018	<u>\$ 4,218,200</u>	<u>\$ 114,331,396</u>	<u>\$ (46,075,086)</u>	<u>\$ 72,474,510</u>
2019 Net Income	-	-	19,570,317	19,570,317
2019 Other Changes ¹	-	-	9,409,712	9,409,712
December 31, 2019	<u>\$ 4,218,200</u>	<u>\$ 114,331,396</u>	<u>\$ (17,095,057)</u>	<u>\$ 101,454,539</u>

¹Other Changes in Unassigned Funds (Surplus) for each year includes Change in net unrealized capital gains/losses, Change in net deferred income taxes and Change in non-admitted assets. Additionally, the year ended December 31, 2017 includes a prior period adjustment in the amount of \$2,061,227.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no adjustments to the Company's financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	\$ 21,601,504
Loss Adjustment Expenses	733,893

The Department retained the actuarial services of INS Consultants Inc. (Consulting Actuary) to perform a risk-focused review of the Company's significant reserving and pricing activities. The Consulting Actuary assisted in review of the inherent risks, management oversight and other mitigating controls over the Company's actuarial processes and procedures. The Consulting Actuary performed an independent reserve analysis including an assessment of the Company's reserves for compliance with applicable *Actuarial Standards of Practice* and the NAIC *Accounting Practices and Procedures Manual*.

SUBSEQUENT EVENTS

Subsequent events were evaluated through the date that this examination report was available to be issued. Based on this evaluation, the following significant transactions or events were deemed material for disclosure in this examination report.

Affiliated Agreements

Effective January 14, 2020, the Company became party to a Tax Allocation Agreement between and among KB LLC and its subsidiaries including the Company, KIC, KSIC, GRC and Knight SPC for taxable years commencing on and after January 1, 2019. In accordance with the agreement, each participant calculates its federal corporate tax liability as if it were filing on a separate return basis. KB LLC is responsible to file and pay all federal corporate tax liabilities,

and each participant makes/receives payment to/from KB LLC based on a separate return basis. Estimated payments made by KB LLC are reimbursed by each participant quarterly when tax is due.

Effective June 1, 2020, the Company entered into an Agency Agreement with KMC. In accordance with the agreement, KMC acts as the general agent for the purpose of producing and handling all the Company's business issued or renewed on and after the contract effective date. The agreement appoints and grants KMC or its designated subagent authority to: solicit, accept and receive applications for such classes of coverage as Company may from time to time authorize; to secure, at KMC's own expense, reasonable underwriting information through reporting agencies or other appropriate sources relating to each risk insured; to issue, renew and countersign policies, certificates, endorsements and binders which the Company may, from time to time, authorize to be issued, delivered, renewed and countersigned and to collect and receive premiums. The Company pays KMC full compensation for all services rendered and full reimbursement for all expenditures made by KMC including a fee that shall not exceed .50% of gross premiums.

Holding Company Restructure

Effective December 31, 2020, the Company's holding company structure was modified with the merger of KB LLC into KIC with KIC as the surviving entity. There was no change in ultimate control of the Company or any of its affiliates.

Other Significant Events

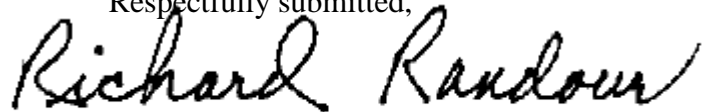
Beginning in March of 2020, the World has experienced, and continues to experience a pandemic related to the COVID-19 virus. As of the date of this examination report, the Company's operations and financial condition had not been materially impacted.

SUMMARY OF RECOMMENDATIONS

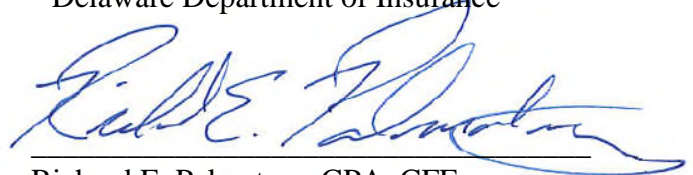
There were no recommendations as a result of this examination.

The assistance of Department's Consulting Actuary and information technology firm INS Services, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, KPMG, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



Richard Randour, CPA, CFE
Examiner In-Charge
Delaware Department of Insurance



Richard E. Palmatary, CPA, CFE
Supervisor In-Charge
Delaware Department of Insurance

I, Richard Randour, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Exam Authority No. 20.033.

Richard Randour

Richard Randour, CPA, CFE