EXAMINATION REPORT

OF

TECHNOLOGY INSURANCE COMPANY, INC.

AS OF

DECEMBER 31, 2021

TRINIDAD NAVARRO
COMMISSIONER

STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION

OF

TECHNOLOGY INSURANCE COMPANY

AS OF

DECEMBER 31, 2021

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 ___9th____ day of ________June_________, 2023

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May 25, 2023

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 Examination Certification No. 22.026, dated January 11, 2022, an examination has been made of the affairs, financial condition and management of

TECHNOLOGY INSURANCE COMPANY, INC.

hereinafter referred to as Company or TIC. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 251 Little Falls Drive, Wilmington, Delaware 19808.

SCOPE OF EXAMINATION

We have performed our multi-state examination of TIC. The last examination of the Company was conducted by the Delaware Department of Insurance (Department) and covered the period of January 1, 2015 through December 31, 2017. This examination covers the period of January 1, 2018 through December 31, 2021.

Our examination was performed as part of the multi-state coordinated examination of the AmTrust Financial Services, Inc. (AFSI) Group of regulated entities wherein Delaware is the lead state. The examination was conducted concurrently with that of the Company's Delaware domiciled affiliates, Wesco Insurance Company (WIC), Security National Insurance Company (SNIC), CorePointe Insurance Company (CPIC), Milford Casualty Insurance Company (MCIC), First Nonprofit Insurance Company (FNIC) and AmTrust Insurance Company (AIC), along with the following thirteen (13) United States (U.S.) affiliate insurers:

Company	State of Domicile
Associated Industries Insurance Company, Inc. (AIIC)	FL
ARI Insurance Company (ARI)	PA
Developers Surety and Indemnity Company (DSIC)	CA
Heritage Indemnity Company (HIC)	CA
Sequoia Insurance Company (SEQ)	CA
Southern Underwriters Insurance Company (SUIC)	OK
Republic Fire and Casualty Insurance Company (RFC)	OK
Republic Lloyds (RL)	TX
Republic Underwriters Insurance Company (RUIC)	TX
Southern Insurance Company (SOIC)	TX
Rochdale Insurance Company (RIC)	NY
AmTrust Title Insurance Company (ATIC)	NY
Republic-Vanguard Insurance Company (RVIC)	AZ

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 Law 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 are 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 auditor work papers from the December 31, 2021 and 2020 audit of the Company have been incorporated into the work papers of the examiners and have been 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 under the laws of New Hampshire on June 24, 1991, and at that time was owned by Wang Laboratories, Inc. In 1998, AFSI acquired the Company, which initially provided warranty insurance coverage. On January 12, 2017, the Company re-domesticated to the state of Delaware.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of 1,000,000 shares of common stock with a $100.00 par value. As of December 31, 2021, the Company had 45,000 common shares issued and outstanding totaling $4,500,000. All outstanding common shares of the Company are owned by AFSI. As of December 31, 2021, the Company reported gross paid in and contributed surplus of $1,107,092,631.

Dividends

The Company's Board of Directors (Board) did not approve or authorize any dividends to stockholders during the exam 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 property and affairs of the Company must be managed by or under the direction of its Board. The Board shall consist of not less than seven (7) members and the total number of directors shall be determined by the Board.

Each Director is elected annually by the stockholder and holds office until the next annual election and until their successors are elected and qualified except as removed for cause and the successor elected by a special meeting of the stockholder. Directors duly elected and serving as of December 31, 2021, are as follows:

Name	Title
Donald Thomas DeCarlo	Attorney (Self-Employed)
Evan Marc Greenstein	SVP, Commerical Lines, AFSI
Stephen Barry Ungar	EVP, General Counsel, AFSI
Jeffrey Robert Fenster	EVP, Head of North American Specialty Risk, AFSI
Susan Carol Fisch	Retired (Reinsurance Broker Executive)
Christopher Harold Foy	EVP, Head of North American Commercial P&C, AFSI
Mark George Serock	Retired (KPMG Partner)

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a President, Secretary and Treasurer. Any number of offices may be held by the same person. The primary officers serving as of December 31, 2021, were as follows:

Name	Title
Christopher Harold Foy	President
Stephen Barry Ungar	Secretary
Harry Chaim Schlachter	Treasurer
Jeffrey Howard Mayer	Chief Actuary
Barry Wolff Moses	Assistant Secretary, Vice President and Senior Regulatory Counsel

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 in accordance with 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 in compliance with 18 *Del. C.* § 4919. Company files for the examination period also indicated conflict of interest disclosure questionnaires were completed in accordance with 18 *Del. C.* §320(c).

Insurance Holding Company System

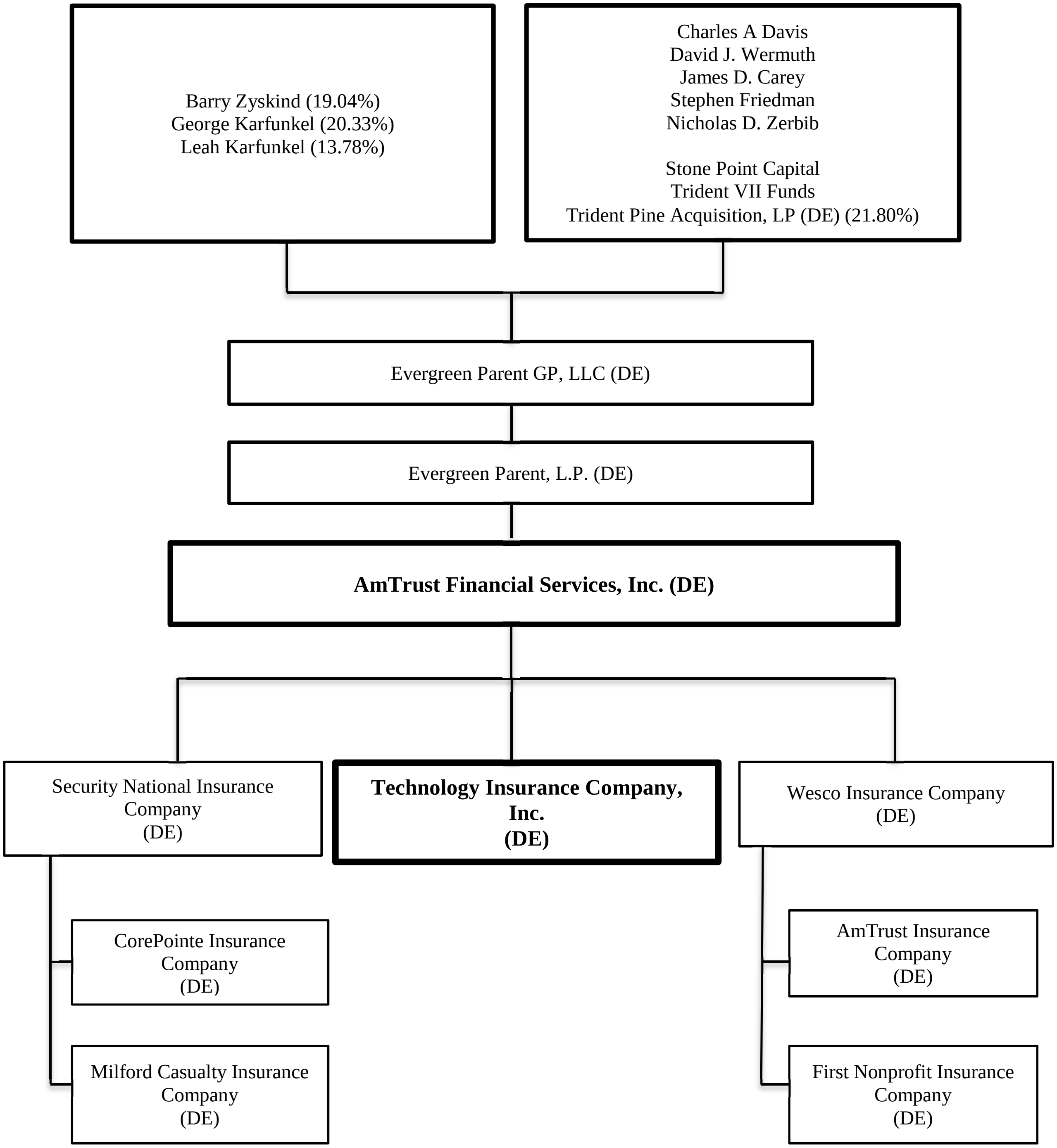
The Company is a member of an insurance holding company system as defined under 18 *Del. C.* § 5001 (7) of the Delaware Insurance Code. TIC is a wholly owned subsidiary of AFSI, the ultimate parent in the insurance holding company system.

AFSI, a privately held stock company, is wholly owned by Evergreen Parent, L.P. (Evergreen Parent), which is wholly owned by Evergreen Parent GP, LLC (Evergreen GP). As of December 31, 2021, percentage of ownership interest in each of Evergreen GP and Evergreen Parent are held by the Karfunkel-Zyskind family (George Karfunkel, Leah Karfunkel and Barry Zyskind) and related persons (65.73%), Trident Pine Acquisition, LP (Trident Pine), 21.80%; Enstar Group Ltd. (Enstar) through its affiliate Cavello Bay Reinsurance Limited (Cavello Bay) (8.41%) and MH JV (3.74%), along with and certain members of AmTrust's management team (0.33%).

On November 28, 2018, a merger closed whereby Evergreen Parent (formed by private equity firm Stone Point Capital LLC), together with the Karfunkel-Zyskind family and joined by Enstar, an entity controlled by Madison Dearborn Partners, acquired AFSI’s outstanding common shares, par value $0.01 per share that were not currently owned or controlled by the Karfunkel-Zyskind family and its affiliates and certain related parties for $14.75 per share of common stock in cash. As a result of this transaction, AFSI’s outstanding common stock was no longer publicly traded.

In addition, Trident Pine, a Delaware limited liability company, holds a controlling interest in both Evergreen Parent and Evergreen GP by virtue of its rights under the Amended and Restated Limited Liability Company Agreement of Evergreen GP, dated as of November 29, 2018.

An abbreviated organizational chart of the AFSI holding company system showing TIC and its Delaware domiciled affiliate insurers as of December 31, 2021, is as follows (ownership of subsidiaries is 100% unless otherwise noted):



Agreements with Affiliates

The following affiliated agreements within the AFSI organizational structure and applicable to the Delaware domiciled companies (Companies) were identified and in effect as of December 31, 2021:

Tax Allocation Agreement

Effective on various dates and during the examination period, each of the Companies, along with other AFSI insurance affiliates, are party to a Tax Allocation Agreement, whereby each affiliate Company pays AFSI its tax liability as if it were computed on a stand-alone basis. Each affiliate remits to AFSI its federal tax liability due, as each is legally obligated to make pursuant to the terms of the agreement.

Management Services Agreement

Effective January 1, 2019, AmTrust North America, Inc. (ANA) and TIC entered into a Management Services Agreement. Under the terms of the agreement, ANA manages all the business TIC, as pool manager, assumes from the pooled carriers and TIC pays ANA a management fee. Refer to the REINSURANCE section below.

Intercompany Master Lending Agreement

On June 1, 2019, TIC, WIC, SNIC and DSIC (Lenders) entered into a Master Intercompany Lending Agreement, to make loans to ANA (Borrower). All loans are made to the Borrower in any trailing 12 months in the aggregate, to the extent of all loans outstanding are not to exceed the lesser of 3% of such Lender's admitted assets and 25% of such Lender's surplus to policyholders as of the proceeding December 31st. Interest paid under the loans was identified as the short term applicable federal rate as of the loan date, plus fifty (50) basis points. On June 28, 2019, the following three (3) loans had been made with an interest rate of 2.87% each: 1) from TIC to ANA, due June 2025 of $100 million, 2) from WIC to ANA, due June 2025 of $50 million and 3) from SNIC to ANA, due June 2025 of $29 million.

Sound Point Investment Management Agreement

Effective May 28, 2020, ANA, TIC and WIC entered into an Investment Management Agreement with Sound Point Capital Management, LP, a related party, to advise, make and manage investments on TIC and WIC's behalf in accordance with applicable investment guidelines.

Eagle Point Investment Management Agreement

On November 10, 2021, ANA, TIC and WIC entered into an Investment Management Agreement with Eagle Point Credit Management, LLC, a related party, to advise, make and manage investments made on TIC and WIC's behalf from Irrevocable Capital Commitments of $200 million by TIC and $50 million by WIC, in accordance with applicable investment guidelines.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2021, the Company is licensed to write business in 50 states, the District of Columbia, Puerto Rico and Canada. TIC has the authority to write various types of property and casualty business, including fire, allied lines, farm owners multiple peril, inland marine, other liability, products liability, commercial auto liability and auto physical damage and workers' compensation. The Company's top three (3) lines of business in 2021, in terms of direct premiums written, were workers' compensation (88.56%), commercial multi-peril (4.32%) and warranty (3.03%).

The Company's business plan is to provide a differentiated service model focused on ease-of-use and customized solutions for small business insurance agents and insureds by utilizing proprietary technology, data driven underwriting models and in-house claims management to bring leading-edge insurance products to market. As part of the North American Commercial P&C Division, the Company targets small accounts and low hazard classes for workers' compensation and continues to develop an all-lines insurance solution for small business through various insurance packages. The Company acquires business with focus on core business, through underwriting discipline and expense management, investment in digital innovation, data science and digital partnerships to improve risk selection, customer experience and operational efficiency, and its use of highly regarded brokers, agents, financial institutions, payroll companies, E-Commerce market places, integration with leading middleware companies and partnerships with specific commercial carriers to generate new and renewed business.

REINSURANCE

The Company reported the following distribution of premiums written for the years ended December 31, 2021, and the prior examination date of December 31, 2017:

	2021	2017
Direct premiums written	$ 1,201,947,964	$ 1,105,956,728
Assumed premiums (from affiliates)	3,905,044,823	3,580,050,420
Assumed premiums (from non-affiliates)	37,311,046	44,543,898
Gross premiums written	$ 5,144,303,833	$ 4,730,551,046
Ceded premiums (to affiliates)	2,376,889,822	3,223,807,651
Ceded premiums (to non-affiliates)	1,151,424,970	184,415,312
Net premiums written	$ 1,615,989,041	$ 1,322,328,083

Reinsurance Pooling Agreement

Effective October 1, 2017, and amended January 1, 2021, the Company became party to an intercompany Reinsurance Pooling Agreement (RPA) as the lead company in the pool. Under the RPA, the Company assumes one hundred percent (100%) of the insurance business obligations of thirteen (13) of the Company's U.S. insurance affiliates (Pool Affiliates). The Company then cedes fifty percent (50%) of the pooled net premiums and losses to Bermuda affiliate AmTrust International Insurance, Ltd. (AIIL) under a new fifty percent (50%) quota share (QS) reinsurance agreement. The intercompany QS with AIIL was amended on January 1, 2019 to cede ten percent (10%) of the pooled net premiums and losses defined as Swiss Re Covered Business to AIIL. All other pooled net premiums and losses continued to be ceded at fifty percent (50%).

After the cession to AIIL, the Company retrocedes a total of forty-two percent (42%) of the pool's net retained liabilities to the following three (3) pool affiliates: 1) WIC assumes twenty two percent (22%) of the retrocession, SNIC assumes twelve (12%) and DSIC assumes eight percent (8%) of the pool's net retained liabilities.

Assumed Reinsurance – Affiliates

As mentioned above, under the terms of the RPA, the Company assumes one hundred percent (100%) of the pool affiliates' "insurance business obligations." Insurance business obligations assumed are defined as follows:

- As of October 1, 2017, gross reserves for loss and loss adjustment expenses, net of inuring reinsurance, including unallocated loss adjustment expenses (ULAE), unearned premiums and outstanding obligations for expenses.
- On or after October 1, 2017, gross written premium, gross reserves for losses and loss adjustment expenses (including ULAE), the change in reserves for unearned premiums, outstanding losses and loss adjustment expenses (including ULAE), reserves for incurred but not reported (IBNR) losses (including adverse development), all fees, costs, charges or other expenses for management, administrative, agency or other services arising from the pool affiliates operations and insurance business.

Assumed Reinsurance – Non-Affiliates

In 2021, the Company assumed business from non-affiliates, of which approximately eighty-eight percent (88%) was risk retention groups. Approximately twenty-one percent (21%) of the assumed workers' compensation business came from pools and associations, the majority from the National Workers' Compensation Reinsurance Pool.

Ceded Reinsurance – Affiliates

As mentioned above, after ceding fifty percent (50%) of the pooled net written premiums and losses to AIIL, the Company retrocedes a total of forty-two percent (42%) of the pool's net retained liabilities to three affiliates, WIC (twenty-two percent 22%), SNIC (twelve percent 12%) and DSIC (eight percent (8%).

Ceded Reinsurance – Non-Affiliates (includes Maiden)

Maiden Reinsurance Ltd.

On January 30, 2019, AIIL and Maiden Reinsurance Ltd. (Maiden) agreed to terminate, on a run-off basis, the remaining covered business ceded under the Maiden QS reinsurance agreement (Maiden QS), effective January 1, 2019. In addition, AIIL and Maiden entered into a second amendment to remove the provisions requiring AIIL to reinsure business with Maiden. Maiden then transferred $575 million to AIIL, on a funds withheld basis, to fund statutory deposit requirements resulting from Maiden's unauthorized reinsurer status.

In July 2019, Maiden and Cavello Bay (a subsidiary of Enstar), entered into an Adverse Development cover agreement effective January 1, 2019 (ADC Agreement), by which Enstar assumed from Maiden claims payable by Maiden to AIIL under the Maiden QS. AIIL then entered into: (i) a Master Collateral Agreement with Maiden and Cavello Bay dated July 31, 2019; (ii) a Commutation and Release Agreement (Commutation) with Maiden effective July 31, 2019, with respect to certain workers compensation reserves ceded by AIIL to Maiden pursuant to the Maiden QS and (iii) a post termination endorsement to the Maiden QS.

Per the Commutation, AIIL and Maiden agreed to settle Maiden's responsibility under the Maiden QS for all losses incurred in accident year 2017 and 2018 under workers' compensation policies issued by the U.S. statutory entities in California and all losses incurred in accident year 2018 under workers' compensation policies issued by the U.S. statutory entities in New York, in each case as of December 31, 2018.

Swiss Re America Corporation (Swiss Re)

Effective January 1, 2021, the Company and certain affiliates renewed the QS agreement with Swiss Re for the Company's U.S. commercial liability business. The contract is now a thirty-four percent (34%) QS agreement (a reduction from 38.25% in 2020 and 2019) and contains a funds withheld provision, with pooled balances of $980.9 million and $636.6 million in 2021 and 2020, respectively.

Premia Reinsurance Ltd.

Effective June 30, 2017, the Company, AIIL and WIC entered into an Adverse Loss Development Cover Agreement (ADC) with Premia Reinsurance Ltd. (Premia). The ADC is accounted for as retroactive reinsurance as required by SSAP No. 62R. Under terms of the ADC, Premia is obligated to pay up to an aggregate limit of $1.025 billion for ultimate net losses in excess of retention of approximately $5.962 billion, for a one-time premium payment of $675.0 million, of which $50.0 million represents payment for adverse coverage above the carried loss reserves as of March 31, 2017. During the exam period, the contract was amended, and the Company was given a permitted practice by the Department to deviate from SSAP No. 62R for changes made to the ADC. A total deposit of $679.8 million, representing the premium amount of $675.0 million and interest of $4.8 million, was placed in a collateral trust account established to secure Premia's claims payment obligations under the agreement. In addition, Premia deposited an incremental $100.0 million of excess collateral at inception and is obligated to deposit incremental collateral in accordance with a pre-agreed schedule. Consideration to Premia under the ADC also includes a $1 million, annual claims administration monitoring fee, but not for more than thirty (30) annual payments. The reinsurance transaction is inclusive of all occurrences and claims made prior to April 1, 2017. For the year ended December 31, 2017, $400.0 million of net adverse loss development was recorded, which increased the retroactive reinsurance recoverable to the aggregate limit of $1.025 billion as of December 31, 2017. As of December 31, 2021, the Company has a balance of $1,016,939,827 of the retroactive contra liability attributable to Premia.

Other Third-Party Reinsurance

Below describes the excess of loss (XOL) and QS third-party reinsurance programs that all U.S. domestic companies are covered under as of December 31, 2021.

Workers' Compensation XOL – retention of $20,000,000 up to a maximum protection of $350,000,000. Coverage is one hundred percent (100%) of $330,000,000.

Property Per Risk XOL – retention of $5,000,000 up to a maximum protection of $35,000,000. Coverage is one hundred percent (100%) of $30,000,000.

Property Catastrophe XOL – retention varies by layer up to a maximum protection of $450,000,000. Coverage is one hundred percent (100%) of $383,000,000.

Casualty XOL – retention of $5,000,000 up to a maximum protection of $5,000,000. Coverage is one hundred percent (100%) of $5,000,000.

Casualty/Clash XOL – retention of $10,000,000 up to a maximum protection of $40,000,000. Coverage is one hundred percent (100%) of $40,000,000.

Commercial Core QS – thirty-four percent (34%) QS, net of insuring other reinsurance, subject to the following limits:

- Workers' Compensation $1,000,000 limit any one occurrence;
- General Liability and Employers Liability and Umbrella $5,000,000 limit any one occurrence;
- Professional Liability $5,000,000 limit any one occurrence;
- Cyber Liability and Professional Advantage limit $1,500,000, any one claim made, any one policy;
- Umbrella limit $1,500,000 any one policy;
- Property $5,000,000 any one risk, $15,000,000 any one occurrence;
- Subject net earned premium shall not exceed $3.45 billion during term. If put into run-off premium shall not exceed $570 million.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, include:

- Statement of Assets and Liabilities as of December 31, 2021
- Statement of Income for the year ended December 31, 2021
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2017, to December 31, 2021

Statement of Assets and Liabilities
As of December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 3,603,482,400	$ -	$ 3,603,482,400
Preferred stocks (stocks)	7,541,261		7,541,261
Common stocks (stocks)	326,618,758	19,684,704	306,934,054
Cash ($195,980,048); cash equivalents ($176,733,721); and short-term investments ($17,239,366)	389,953,135		389,953,135
Other invested assets (Schedule BA)	306,616,835		306,616,835
Receivables for securities	1,605,754		1,605,754
Investment income due and accrued	21,139,483		21,139,483
Uncollected premiums and agents' balances in the course of collection	413,704,805	131,062,055	282,642,750
Deferred premiums; agents' balances and installments booked but deferred and not yet due	670,834,627	7,203,639	663,630,988
Accrued retrospective premiums	181,099		181,099
Amounts recoverable from reinsurers	41,544,646		41,544,646
Funds held by or deposited with reinsured companies (reinsurance)	105,789		105,789
Net deferred tax asset	134,021,160	30,737,509	103,283,651
Guaranty funds receivable or on deposit	433,969		433,969
Receivables from parent; subsidiaries and affiliates	51,391,541		51,391,541
Aggregate write-ins for other than invested assets:			
Claims suspense account	101,003,915		101,003,915
Miscellaneous receivable	33,524,316		33,524,316
Federal excise tax recoverable	1,340,839		1,340,839
Intercompany loan and interest	1,185,318		1,185,318
Prepaid expense	83,601	83,601	-
Totals	$ 6,106,313,251	$ 188,771,508	$ 5,917,541,743

		Note
Losses	$ 2,019,972,569	1
Reinsurance payable on paid losses and loss adjustment expenses	2,821,001	
Loss adjustment expenses	367,001,621	1
Commissions payable, contingent commissions & other similar charges	153,764,349	
Other expenses	16,681,171	
Taxes, licenses, and fees (excluding fed and foreign income taxes)	30,740,407	
Current federal and foreign income taxes	6,874,779	
Unearned premium reserve	896,890,115	
Advance premium	8,165,023	
Ceded reinsurance premiums payable	52,222,456	
Funds held by company under reinsurance treaties	1,567,718,892	
Amounts withheld or retained by company for account of others	292,818,355	
Provision for reinsurance	4,929,911	
Payable to parent,subsidiaries and affiliates	96,982,059	
Payable for securities	95,850,385	
Aggregate write-ins for liabilities:		
Accounts payable escheat funds	9,954,767	
Deferred gain (investments)	8,576,019	
Deferred revenue	4,109,132	
Other liabilities	1,684,446	
Related party payables	46,674	
Surcharge	(236,650)	
Other liabilities (retroactive reinsurance)	(1,017,063,474)	
Total Liabilities	$ 4,620,504,006	
Aggregate write-ins for special surplus funds:		
Special surplus from retroactive reinsurance	$ 184,763,346	
Common capital stock	4,500,000	
Gross paid in and contributed surplus	1,107,092,631	
Unassigned funds (surplus)	681,760	
Surplus as regards policyholders	$ 1,297,037,737	
Total Liabilities, Capital and Surplus	$ 5,917,541,743	

Statement of Income
For the Year Ended December 31, 2021

Underwriting Income	
Premiums earned	$ 1,399,581,883
Deductions	
Losses incurred	$ 717,196,822
Loss adjustment expenses incurred	196,030,246
Other underwriting expenses incurred	583,243,271
Total underwriting deductions	$ 1,496,470,339
Net underwriting gain or (loss)	$ (96,888,456)
Investment Income	
Net investment income earned	$ 171,910,398
Net realized capital gains or (losses)	10,977,160
Net investment gain or (loss)	$ 182,887,558
Other Income	
Net gain (loss) from agents' or premium balances charged off	$ (25,019,454)
Finance and service charges not included in premiums	11,556,887
Aggregate write-ins for miscellaneous income:	
Other fee income	3,724,638
Other income	2,075,926
Foreign currency gain	466,377
Claims monitoring fee	(580,000)
Loss on reinsurance transaction	(962,673)
Total other income	$ (8,738,299)
Net income before dividends to policyholders	$ 77,260,803
Dividends to policyholders	(9,754,086)
Net income; after dividends to policyholders	$ 67,506,717
Federal and foreign income taxes incurred	(11,601,113)
Net Income	$ 55,905,604

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
December 31, 2017 to December 31, 2021

		Common Capital Stock	Special Surplus from Retroactive Reinsurance	Gross Paid-in and Contributed Surplus	Unassigned Surplus	Total
12/31/17		$ 4,500,000	$ 95,196,835	$ 942,242,641	$ 56,749,917	$ 1,098,689,393
12/31/18	(1)				(68,522,896)	(68,522,896)
12/31/18	(2)				11,308,971	11,308,971
12/31/18	(3)		(374,815)		374,815	-
12/31/19	(1)				10,773,928	10,773,928
12/31/19	(2)				(21,453,020)	(21,453,020)
12/31/19	(3)		81,965,379		(81,965,379)	-
12/31/19	(4)			164,849,991		164,849,991
12/31/19	(5)				(1,800,351)	(1,800,351)
12/31/20	(1)				72,108,571	72,108,571
12/31/20	(2)				40,375,615	40,375,615
12/31/20	(5)				(29,991,212)	(29,991,212)
12/31/21	(1)				55,905,604	55,905,604
12/31/21	(2)				(15,884,430)	(15,884,430)
12/31/21	(3)		7,975,947		(7,975,947)	-
12/31/21	(5)				(19,322,428)	(19,322,428)
12/31/21		$ 4,500,000	$ 184,763,346	$ 1,107,092,631	$ 681,760	$ 1,297,037,737

(1) Net income
(2) Change in unrealized capital gains (losses), change in unrealized foreign exchange capital gain (loss), change in net deferred tax, change in nonadmitted assets, change in provision for reinsurance
(3) Special surplus from Retroactive Reinsurance (included in income) and backed out of Unassigned
(4) Surplus adjustments: Paid in
(5) Aggregate write-ins for gains and losses in surplus: Prior Period Adjustments

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes made to the financial statements as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	$ 2,019,972,569
Loss Adjustment Expenses	$ 367,001,621

The examination liability for the aforementioned captioned items of $2,019,972,569 and $367,001,621 are the same as reported by the Company as of December 31, 2021. The examination analysis of Loss and Loss Adjustment Expense reserves was conducted in accordance with Actuarial Principles and Standards of Practice and Statutory Accounting Principles, including NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principle No. 55 *Unpaid Claims, Losses and Loss Adjustment Expenses* (SSAP No. 55).

SUBSEQUENT EVENTS

On May 11, 2022, the Company paid an extraordinary dividend to AFSI in the amount of $32,500,000, which was approved by the Department.

The Company received a total capital contribution of $40,000,000 from its direct parent, AFSI, on December 31, 2022.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

The assistance and cooperation of examiners representing the states on the coordinated examination is acknowledged. In addition, the assistance of the consulting actuarial firm, INS Consultants, Inc., the consulting information systems specialist firm, INS Services, Inc., the Company's outside audit firm, KPMG and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,

James M Perkins

James M. Perkins, CFE
Examiner In-Charge
State of Delaware

Anthony Cardone

Tony Cardone, CFE
Supervising Examiner
State of Delaware

I, James M. Perkins, 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 Examination Certification No. 22.026.

James M Perkins

James M. Perkins, CFE