

REPORT ON EXAMINATION
OF THE
ENDURANCE REINSURANCE CORPORATION OF AMERICA
AS OF
DECEMBER 31, 2012

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT OF EXAMINATION, made as of December 31, 2012 of the

ENDURANCE REINSURANCE CORPORATION OF AMERICA

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

Attest By: *Samuel J. Woo*

Date: February 17, 2014



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 17th day of February, 2014.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner



REPORT OF EXAMINATION
OF THE
ENDURANCE REINSURANCE CORPORATION OF AMERICA
AS OF
DECEMBER 31, 2012

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.




Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 17th day of February, 2014

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SALUTATION

December 03, 2013

Honorable Karen Weldin Stewart, CIR-ML
Delaware Insurance Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Blvd.
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 13.008, dated March 25, 2013, a risk focused examination has been made of the affairs, financial condition and management of the

ENDURANCE REINSURANCE CORPORATION OF AMERICA

hereinafter referred to as “the Company” or “ERCA” and incorporated under the laws of the state of Delaware. The Company’s registered office in the State of Delaware is located at 1209 Orange Street, Wilmington, Delaware. The examination was conducted at the Company’s administrative office located at 333 Westchester Avenue, White Plains, New York. The examination of the Company was conducted concurrently with Endurance American Insurance Company (EAIC), Endurance American Specialty Insurance Company (EASIC) and Endurance Risk Solutions Assurance Co. (ERSAC), all Delaware domiciled insurers. Separate reports of examination were filed for each company.

The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Delaware Department of Insurance performed a full scope coordinated multi-state risk focused examination of the Company, as the Lead State. The Texas Department of Insurance participated in this coordinated examination. American Agri-Business Insurance Company (AA-BIC), a Texas domiciled insurance company, was examined concurrently with the four Delaware companies.

The last examination was completed as of December 31, 2007. This examination covered the period of January 1, 2008 through December 31, 2012, and encompasses a general review of transactions during the period, the Company's business policies and practices, as well as management and relevant corporate matters, with a determination of the financial condition of the Company at December 31, 2012. Transactions subsequent to the examination date were reviewed where deemed necessary.

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 Laws and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk focused examination process. The examination report addresses regulatory issues reviewed during the examination process.

In accordance with these efforts, the consulting firm of INS Services, Inc. conducted a review of the Evaluation of Controls in Information Technology (Exhibit C). The review included tests of the operating effectiveness of specific policies and procedures relating to the Company's controls over information systems and its control environment.

During the examination, consideration was given to work performed by the Company's external accounting firm, Ernst & Young, LLP (E&Y), New York, NY. Certain auditor work papers of their 2011 and 2012 audits have been incorporated into the work papers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. In addition, the Company was Sarbanes Oxley (SOX) Section 404 compliant as of the examination date and we reviewed and relied on the work where deemed necessary.

In addition to items noted in this report, the topics below were reviewed without material exception and are included in the work papers of this examination:

- Corporate Records
- Fidelity Bonds and Other Insurance
- Risk Based Capital
- Employees and Agents Welfare
- Statutory Deposits
- Legal Actions
- All Assets and Liability Items Not Mentioned

This report of examination was confined to financial statements and comments on matters that involved departures from laws, regulation or rules, or which were deemed to require special explanation or description.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, adjustments to the financial statements, or specific recommendations as a result of this examination.

SUBSEQUENT EVENTS

The Company notified the examiners on May 28, 2013 that Endurance Specialty Holdings Ltd. (ESHL) announced that its Board of Directors had elected John R. Charman as ESHL's Chairman and Chief Executive Officer, effective immediately. David Cash stepped down as the Company's Chief Executive Officer and as a member of the Board. William H. Bolinder, the then current Chairman of the Board, became ESHL's Lead Director.

COMPANY HISTORY

Endurance Reinsurance Company of America was incorporated on March 15, 2007, under the laws of the State of Delaware in order to facilitate by merger the re-domestication of Endurance Reinsurance Corporation of America (ERCA-NY), from the State of New York. The re-domestication was accomplished in order to enhance operational efficiencies and streamline the regulatory compliance efforts of the Company and its insurance company affiliates. The Company received its domestic insurance license on October 19, 2007, to write all lines of property and casualty insurance and reinsurance. ERCA-NY was incorporated on September 5, 2002, and received its domiciliary license from the State of New York on December 18, 2002 to write all lines of property and casualty insurance and reinsurance. The merger of ERCA-NY into the Company was accomplished on January 30, 2008. Simultaneously, the Company amended and restated its certificate of incorporation to change its name to Endurance Reinsurance Corporation of America.

Common Capital Stock

As of December 31, 2012, the Company had 5,000,000 shares of \$1.00 par value common stock authorized, issued and outstanding.

MANAGEMENT AND CONTROL

Board of Directors

The Board of Directors (Board) shall not have less than one member and the total number of directors shall be determined by the Board. As of the examination date, the Board was comprised of three members. Individuals elected and serving on the Board of Directors at December 31, 2012 were:

David Somers Cash*, Chairman
John Virgilio Del Col
Michael James McGuire

*David Somers Cash is no longer with the Company

Officers

The bylaws of the Company state that officers shall be elected or appointed by the Board. As of December 31, 2012, the Company's principal officers and their respective titles are as follows:

James Gerard D'Onofrio,	President
Daniel Simeon Lurie,	Secretary
Kenneth Gerald Cadematori*	Treasurer

*Kenneth Gerald Cadematori is no longer with the Company

Committees

The Company's bylaws provide that the Board may establish one or more committees. There are no committees at the Company level. Corporate governance is administered at the ultimate controlling party level by ESHL.

Conflict of Interest

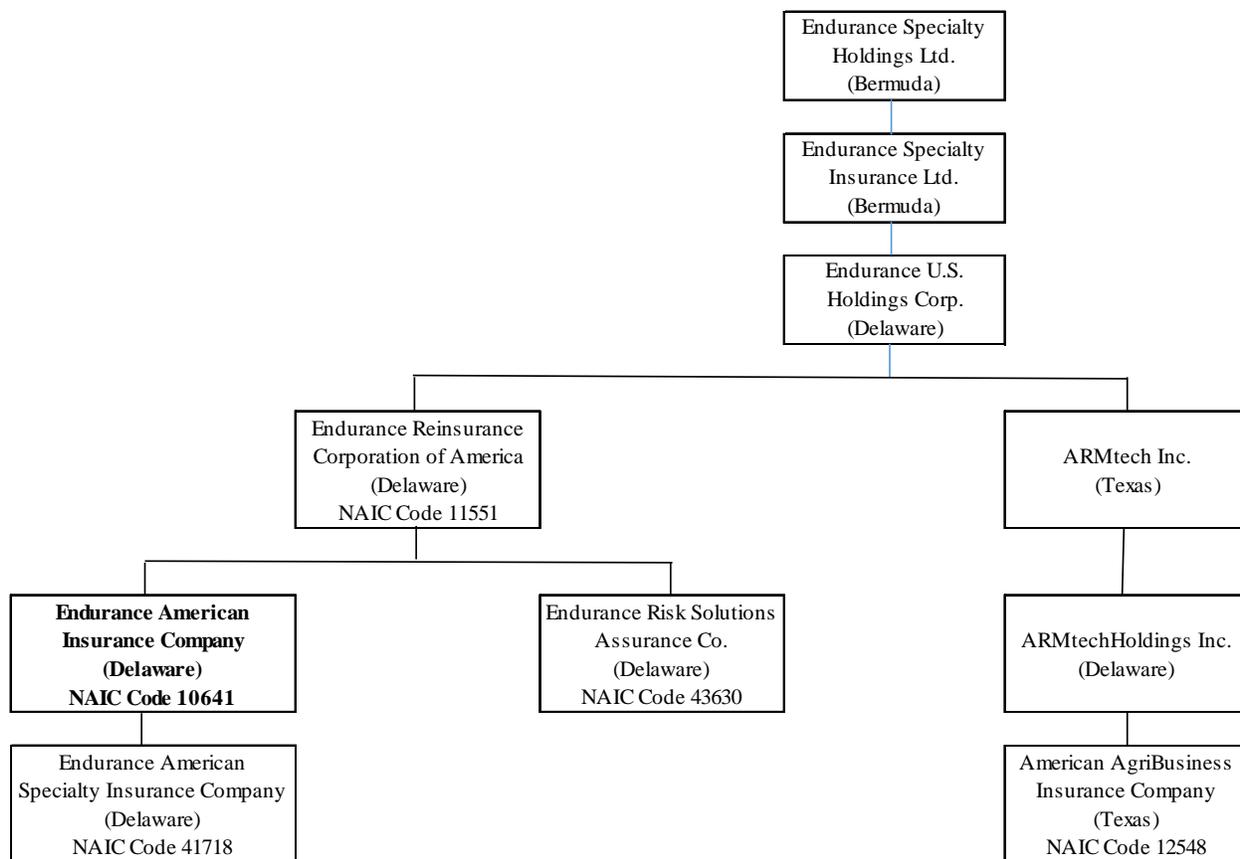
The Company has in place an established conflict of interest policy and procedures for the disclosure of any material interest or affiliation by any director, officer or employee which is likely to conflict with their official duties. The signed conflict of interest disclosure statement for each director and officer serving during 2012 was reviewed with no exceptions noted.

Insurance Holding Company System

The Company is a member of an insurance holding company system as it is defined under 18 Del.C. § 5001 “Insurance Holding Company System”. Holding company registration statements were properly filed by the Company with the Delaware Insurance Department.

The ultimate controlling person is Endurance Specialty Holdings Ltd (ESHL), a Bermuda corporation, which is primarily engaged through its subsidiaries in the business of property and casualty insurance and reinsurance. For the year ending December 31, 2012, ESHL possessed assets of approximately \$8.8 billion and shareholders’ equity of approximately \$2.7 billion. ESHL’s common stock is traded on the New York Stock Exchange under the symbol “ENH”.

The following abbreviated organizational chart shows the Company’s affiliates as of December 31, 2012:



Intercompany Management and Service Agreements

The Company was party to the following affiliate agreements in effect as of the examination date:

Administrative Services Agreement

Effective July 1, 2012, the Company entered into an Amended and Restated Administrative Services Agreement among all parties in the Endurance holding company group which allows for the sharing of management and administrative services among the various entities. This agreement replaces all prior administrative services agreements. This agreement was properly filed and approved by the Department on August 21, 2012.

Consolidated Tax Allocation Agreement

Effective January 30, 2008, the Company became a party to a Consolidated Tax Allocation Agreement with Endurance U.S. Holdings Corp (EUSH). The agreement sets forth

the manner in which the federal income tax liability or benefit is allocated as if a separate tax return was filed.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2012, the Company is licensed to transact business in 50 jurisdictions: all states (except Florida, New Hampshire and Wisconsin) and the District of Columbia, Puerto Rico and Guam. It is an accredited reinsurer in Florida, New Hampshire and Wisconsin.

For the year ending December 31, 2012, the Company wrote approximately 76% of its business in the jurisdictions of Illinois (41%), New Jersey (18%) and Puerto Rico (17%).

GROWTH OF THE COMPANY

The following information was obtained from the Company's filed Annual Statements and covers the five preceding years since its last examination (2007):

Year	Admitted Assets	Liabilities	Unassigned Surplus	Net Written Premiums	Net Income
2008	\$1,920,381,674	\$1,327,572,545	(\$121,190,871)	\$445,527,376	\$25,025,287
2009	\$1,850,775,543	\$1,242,758,869	(\$118,781,006)	\$352,741,750	\$22,362,553
2010	\$1,649,597,093	\$1,021,252,933	(\$100,134,593)	\$317,482,545	\$40,532,169
2011	\$1,779,225,727	\$1,180,851,138	(\$181,000,406)	\$335,143,133	(\$24,276,403)
2012	\$1,466,574,038	\$879,156,674	(\$332,316,850)	\$239,822,880	(\$19,903,235)

Since December 31, 2008 the growth of the Company has taken the form of the following:

- 24% decrease in admitted assets
- 34% decrease in liabilities
- 174% decrease in unassigned surplus
- 46% decrease in net written premiums

The following factors contributed to the Company's changes during the period covered by this exam:

- Admitted assets decreased by \$453.8 million or 24% during this period. Cash and invested assets increased by \$93.3 million primarily from capital contributions of \$205

- million received from EUSH during 2011 and 2012, and positive cash flows from operations. Of the capital contributions received, \$315 million was invested in subsidiaries (EAIC \$270 million, ERSAC \$45 million). The investments in the subsidiaries declined as a result of challenging market conditions, unfavorable underwriting results, and operating expenses. Premiums receivable decreased \$440.3 million from December 2008 to December 2012. This significant decrease was attributable to a decline in premium volume as the result of the Company's exit from direct workers' compensation insurance business; termination of a quota share reinsurance agreement with the Company's affiliate, AA-BIC (AA-BIC Quota Share); and the termination of a quota share reinsurance agreement with EAIC (EAIC Quota Share). Amounts recoverable from reinsurers decreased \$60.4 million from 2008 to 2012 resulting from the termination of the EAIC Quota Share and decreased catastrophe losses.
- Total liabilities decreased \$448.4 million during this period. During 2011 and 2012, losses and LAE reserves increased \$24.7 million and are attributable to increases in the property line of business primarily related to losses from Superstorm Sandy, Hurricane Isaac and multiple windstorms and tornadoes partially offset by decreases in reserves on the discontinued direct workers' compensation insurance business. In connection with the termination of the EAIC Quota Share, reinsurance payable in paid losses and LAE decreased \$189.3 million. Ceded reinsurance balances payable decreased \$205.7 million.
 - Unassigned surplus decreased approximately \$211.1 million due to cumulative net income totaling \$43.7 million and favorable changes in non-admitted assets of \$17.7 million. This was offset by unfavorable changes in net unrealized capital and foreign exchange losses totaling \$258.6 million and net deferred income tax of \$27.3 million.

- Net premiums written decreased by \$126.4 million during 2008 through 2012 was primarily due to the Company's exit from direct workers compensation insurance business and reorganization of intercompany reinsurance agreements. Fluctuations in intercompany gross premiums written during this period were primarily due to the termination of the AA-BIC Quota Share and the EAIC Quota Share. Other premium fluctuations during this period were determined to be in the normal course of business, attributable to market conditions.
- Net income was positive for years 2008 through 2010 due to net investment gains of \$96.7 million and net underwriting gains of \$33.2 million. Investment income earned was derived primarily from interest on fixed maturity investments which decreased during these years as the result of lower reinvestment rates. Offsetting the declines were realized capital gains on sales of fixed maturity and short-term investments.
- During 2011 and 2012, total net investment gain of \$59.1 million was offset by underwriting losses of \$70.3 million and \$57.4 million respectively. The loss and loss adjustment expense ratio for 2011 and 2012 was 91.6% and 81.6% respectively and is an average 10% greater than previous years. The increase is mainly attributable to losses from Superstorm Sandy, Hurricane Isaac, multiple windstorms and tornadoes.

REINSURANCE

The Company reported the following written and assumed premiums for 2012:

Direct		\$5,692,390	
Assumed:			
Affiliates	(\$44,324)		
Non-Affiliates	487,245,735		
Total Assumed		487,201,411	
Ceded:			
Affiliates	\$249,769,669		
Non-Affiliates	3,301,252		
Total Ceded		253,070,921	
Total Net Premiums		\$239,822,880	

Assumed Reinsurance – Affiliates:

The Company assumed business from two affiliates in 2012; AA-BIC and EAIC. The premium represented run-off activity from reinsurance in-force during prior years.

Assumed Reinsurance – Non-Affiliates:

The Company is a professional property/casualty reinsurer and assumed business from approximately 150 ceding companies in 2012. Reinsurance is underwritten on a treaty, aggregate stop loss, excess of loss and proportional basis, and is organized into the following principal lines of business: Property, Casualty, and Surety.

Ceded Reinsurance - Affiliates:

Effective December 18, 2002, the Company ceded to Endurance Specialty Insurance Ltd. (ESIL) Bermuda, on a 50% quota share basis, all business written or assumed.

Effective January 1, 2003, the Company maintained a stop-loss agreement with ESIL whereby the Company retains and is liable for an amount of incurred loss equal to 96% of its net earned premium for the agreement year. ESIL is liable for the amount by which the Company's

incurred ultimate net loss exceeds its retention but shall not exceed 40% of the Company's net earned premium.

Ceded Reinsurance – Non-Affiliates:

The majority of the business ceded represents quota share agreements on Surety business which is fronted by the Company.

ACCOUNTS AND RECORDS

The accounts and records reviewed included an evaluation of the Company's operational and organizational controls. The areas evaluated included computer systems, accounting systems, organizational structure, management and compliance. The Company operates in a computer dominated environment. The general ledger account balances were reconciled and traced to amounts reported in the Annual Statement for the most recent year under review. All balance sheet accounts were summarized and traced to the appropriate asset exhibits and liability lines within the Annual Statement. All services and operational needs of the Company are provided under its Administrative Services Agreement.

E&Y audited the statutory financial statements of the Company. E&Y reviewed the internal control structure in order to establish necessary audit procedures required to express an opinion on the December 31, 2012 financial statements. No material qualifying deficiencies were found to exist in either the design or oversight of the internal control structure of the Endurance group.

Based on the examination review of the Company's accounts and records related to its filed Annual Statement, observations, discussions with management, and our review of financial reporting processes and controls, the Company's accounting systems, processes and procedures were found to conform to required insurance accounting practices.

FINANCIAL STATEMENTS

The financial condition of the Company and the results of its operations for the-year ended December 31, 2012 are reflected in the following statements:

Statement of Assets

Statement of Liabilities, Surplus and Other Funds

Statement of Income

Statement of Capital and Surplus

Reconciliation of Surplus Since Last Examination

Statement of Assets

For The Year Ended December 31, 2012

		<u>Note</u>
Bonds	\$ 762,639,117	1
Common stocks	290,188,910	2
Cash and short term investments	106,413,113	
Receivable for securities	8,514	
Subtotals	<u>1,159,249,654</u>	
Investment income due and accrued	4,906,244	
Uncollected premiums	21,849,341	
Deferred premiums	153,117,252	
Accrued retrospective premiums	5,631,779	
Amounts recoverable from reinsurers	52,375,389	
Funds held by reinsured companies	32,294,386	
Current federal income tax recoverable	2,367,459	
Net deferred tax asset	16,100,000	
Receivable from parent, subsidiaries and affiliates	1,156,505	
Aggregate write-ins for other than invested assets	<u>17,526,029</u>	
Total Assets	<u><u>\$ 1,466,574,038</u></u>	

Statement of Liabilities, Surplus and Other Funds

For The Year Ended December 31, 2012

		Note
Losses	\$ 518,960,879	3
Reinsurance payable on paid losses	6,290,517	
Loss adjustment expenses	54,201,249	3
Commissions payable	(20,690,786)	
Other expenses	12,160,831	
Taxes, licenses and fees	634,693	
Unearned premiums	159,494,356	
Ceded reinsurance premiums payable	126,984,725	
Amounts withheld or retained by company	68,782	
Remittance and items not allocated	(79,489)	
Provision for reinsurance	183,113	
Payable to parent, subsidiaries and affiliates	1,163,588	
Payable for securities	2,496,800	
Aggregate write-ins for liabilities	17,287,416	
Total Liabilities	\$ 879,156,674	
Aggregate write-ins for special surplus funds	\$ 734,214	
Common capital stock	5,000,000	
Gross paid in and contributed surplus	914,000,000	
Unassigned funds (surplus)	(332,316,850)	
Surplus as Regards Policyholders	\$587,417,364	
Total Liabilities, Surplus & Other Funds	\$1,466,574,038	

Statement of Income

For The Year Ended December 31, 2012

Underwriting Income	
Premiums earned	<u>\$239,562,819</u>
Deductions	
Losses incurred	172,753,449
Loss adjustment expenses incurred	22,706,619
Other underwriting expenses incurred	<u>101,517,109</u>
Total underwriting deductions	<u>296,977,177</u>
Net underwriting (loss)	<u>(57,414,358)</u>
Investment Income	
Net investment income earned	20,568,394
Net realized capital gains	<u>9,692,350</u>
Net investment gain	<u>30,260,744</u>
Other Income	
Net loss from premium balances charged off	(92,059)
Aggregate write-ins for miscellaneous income	<u>(885,341)</u>
Total other income	<u>(977,400)</u>
Net income before federal income taxes	<u>(28,131,014)</u>
Federal income taxes incurred	<u>(8,227,779)</u>
Net Income	<u><u>\$(19,903,235)</u></u>

Statement of Capital and Surplus

For The Year Ended December 31, 2012

Capital and Surplus, December 31, 2011	<u>\$598,374,589</u>
Net income	(19,903,235)
Change in net unrealized capital losses	(129,078,809)
Change in net unrealized foreign exchange capital gain	1,224,838
Change in net deferred income tax	(7,570,708)
Change in nonadmitted assets	(5,664,399)
Change in provision for reinsurance	35,087
Paid in surplus	<u>150,000,000</u>
Net change in capital and surplus	<u>(10,957,226)</u>
Capital and Surplus, December 31, 2012	<u>\$587,417,364</u>

Reconciliation of Surplus Since Last Examination

	Aggregate Write-in for Special Funds	Common Capital Stock	Paid In & Contributed Surplus	Unassigned Funds (Surplus)	Total
December 31, 2007	\$ 0	\$5,000,000	\$709,000,000	(\$121,136,803)	\$592,863,197
Operations (1)					
2008 Operations				(54,068)	(54,068)
2009 Operations (2)	12,797,680			2,409,865	15,207,545
2010 Operations (2)	1,681,073			18,646,413	20,327,486
2011 Operations (2)	(4,837,972)		55,000,000	(80,131,598)	(29,969,570)
2012 Operations (3)	(8,906,567)		150,000,000	(152,050,659)	(10,957,226)
Total	<u>\$ 734,214</u>	<u>\$5,000,000</u>	<u>\$914,000,000</u>	<u>(\$332,316,850)</u>	<u>\$587,417,364</u>

(1) Operations is defined as: Net income, change in net unrealized capital gains or (losses), change in net unrealized foreign exchange capital gains or (losses), change in net deferred income tax, change in non-admitted assets, change in provision for reinsurance

(2) The change in additional admitted deferred income taxes recognized under the provision of SSAP No. 10R.

(3) The change in additional admitted deferred income taxes recognized under the provision of SSAP No. 101, replacement of SSAP No. 10R.

SCHEDULE OF EXAMINATION ADJUSTMENTS

No examination changes were made as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Bonds

\$762,639,117

The above-captioned amount, which is the same as reported by the Company in its Annual Statement, has been accepted for purposes of this report.

The Company's bond holdings comprised 65.79% of total invested assets and 52% of total admitted assets.

Security composition for the year ending 2012 was comprised of the following:

U.S. Governments	\$167,303,418	21.94%
Other Countries	2,785,251	0.37%
Special Revenue	184,472,481	24.19%
Industrial & Miscellaneous – U.S.	376,914,309	49.42%
Industrial & Miscellaneous – Canada	3,236,985	0.42%
Industrial & Miscellaneous – Other Countries	<u>27,926,673</u>	<u>3.66%</u>
Total	<u>\$762,639,117</u>	<u>100.00%</u>

In April 2012, the Company became a designated subsidiary borrower under the \$700,000,000 Credit Agreement by and among ESHL, various designated subsidiary borrowers, various lending institutions, and JP Morgan Chase Bank, as administrative agent (Credit Facility). The Credit Facility is comprised of two tranches. Tranche one is available to issue up to \$560,000,000 of secured letters of credit and tranche two is available for up to \$140,000,000 of revolving credit borrowings and for issuance of unsecured letters of credit. The Credit Facility, which expires in April, 2016, requires the borrowers to comply with certain customary restrictions, including requiring the Company to maintain a claim paying rating from A.M. Best of at least B++ at all times.

Up to \$560,000,000 of the letter of credit issuances under the Credit Facility may be collateralized by a portion of the investment portfolio of the designated subsidiary borrowing

under the Credit Facility to the extent of such subsidiary's borrowing. ESHL guarantees the obligations of its subsidiaries that are parties to the Credit Facility.

Note 2 - Common Stocks

\$290,188,910

The above-captioned amount, which is the same as reported by the Company in its Annual Statement, has been accepted for purposes of this report.

The Company's common stock holdings comprised 25% of total invested assets and 19.79% of total admitted assets. The Company's common stock holdings are comprised of the Company's 100% direct ownership of its subsidiaries EAIC and ERSAC and indirect ownership of EASIC. EAIC owns 100% of the common stock of EASIC.

Note 3 - Losses

\$518,960,879

Note 3 - Loss Adjustment Expenses

\$54,201,249

The above-captioned amount, which is the same as that reported by the Company in its 2012 Annual Statement, has been accepted for purposes of this report.

The Delaware Department of Insurance retained the services of INS Consultants (INS), to conduct an independent review of the Company's loss and LAE reserves as of December 31, 2012. The INS analysis was performed using a risk-focused approach according to the guidelines contained in the NAIC Handbook. The review does not address the collectability of reinsurance recoverable.

The conclusions set forth in the INS report are based on information provided by the Company, including the 2012 Annual Statements and the related 2012 Statement of Actuarial Opinion with underlying actuarial work papers.

INS performed an analysis on the Company's book of business by segment of business on both a gross and a net basis for loss, defense and cost containment expense and adjusting and other expense. INS also reviewed the Company's work papers which reconcile the year-end

2012 data to Schedule P. The work papers supported the conclusion that the year-end amounts were closely reconciled to the Schedule P amounts.

Based on work performed, INS concluded the Company's carried net and gross loss and LAE reserves at December 31, 2012, were reasonably stated, and as such, no financial adjustment was required for examination purposes.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

The prior examination report as of December 31, 2007 disclosed no recommendations.

SUMMARY OF RECOMMENDATIONS

There are no proposed financial adjustments to the Company's filed 2012 Annual Statement based on the results of this examination.

CONCLUSION

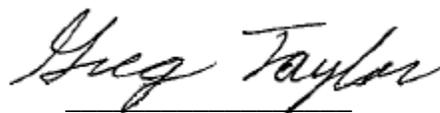
The following schedule shows the results of this examination and the results of the prior examination with changes between the examination periods:

<u>Description</u>	<u>December 31, 2007</u>	<u>December 31, 2012</u>	<u>Increase (Decrease)</u>
Assets	\$1,613,420,593	\$1,466,574,038	\$ (146,846,555)
Liabilities	\$1,020,557,396	\$ 879,156,674	\$ (141,400,722)
Aggregate Write-ins for Special Surplus	-	734,214	734,214
Common Capital Stock	5,000,000	5,000,000	-
Gross Paid In and Contributed Surplus	709,000,000	914,000,000	205,000,000
Unassigned Funds (Surplus)	(121,136,803)	(332,316,850)	(211,180,047)
Total Surplus as Regards Policyholders	\$ 592,863,197	\$ 587,417,364	\$ (5,445,833)
Totals	\$1,613,420,593	\$1,466,574,038	\$ (146,846,555)

Endurance Reinsurance Corporation of America

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. and INS Services, Inc., is acknowledged.

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg Taylor".

Greg Taylor, CFE
Examiner-In-Charge
State of Delaware