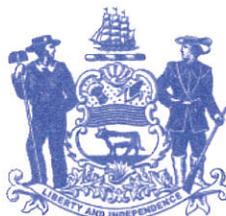


ORGANIZATIONAL EXAMINATION
OF
EVEREST PREMIER INSURANCE COMPANY
AS OF
NOVEMBER 7, 2016

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 ORGANIZATIONAL EXAMINATION, made as of November 7, 2016 of the

EVEREST PREMIER INSURANCE COMPANY

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

Attest By: Rufus Brown

Date: December 6, 2016



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 6th day of December, 2016.

A handwritten signature in black ink, appearing to be "Karen Weldin Stewart".

Karen Weldin Stewart, CIR-ML
Insurance Commissioner



REPORT OF ORGANIZATIONAL EXAMINATION
OF THE
EVEREST PREMIER INSURANCE COMPANY
AS OF
NOVEMBER 7, 2016

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.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart".

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 6th day of December, 2016

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SALUTATION

November 7, 2016

Honorable Karen Weldin Stewart, CIR-ML
Insurance Commissioner
State of Delaware 841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner:

In accordance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 16.913 dated October 17, 2016, an Organizational Examination has been conducted of the

Everest Premier Insurance Company

hereinafter referred to as “Everest Premier” or the “Company”, incorporated under the laws of the State of Delaware as a stock property and casualty insurance company.

The Company’s registered agent is, CT Corporation, with its registered office located at 1209 Orange Street, Wilmington, Delaware 19801. The Company’s administrative office address is located at 477 Martinsville Road, Liberty Corner, New Jersey, 07938.

This examination was conducted at the Company’s aforementioned administrative office location. The report of such examination is respectfully submitted herewith.

SCOPE OF EXAMINATION

This organizational examination was conducted in conjunction with the Company's application for a domestic Certificate of Authority in the State of Delaware. The Company's corporate records, records applicable to and attendant with its application, as well as financial data as of October 31, 2016, have been reviewed.

HISTORY

Everest Premier Insurance Company ("Everest Premier" or the "Company") was incorporated on June 7, 2016 by Everest Reinsurance Company ("Everest"), a Delaware domiciled insurer that operates predominantly as a reinsurer, for the purpose of adding a Delaware domiciled insurer to offer preferred tier pricing. Everest Premier intends to become a fully authorized Delaware domestic insurer and to apply for broad licensure in all states and the District of Columbia. The ultimate holding company is Everest Re Group, Ltd. ("Group"), a Bermuda domiciled company.

The Company is authorized to issue twelve thousand, five hundred (12,500) common shares with one-thousand (\$1,000) par value per share. The following common stock certificate was issued by the Company to Everest Reinsurance Company, a Delaware domiciled insurer:

Certificate	Shares	Date	Capital
1	12,500	8/11/2016	12,500,000

Additionally, Everest contributed \$12,500,000 in additional paid-in capital. This resulted in initial capitalization of \$25,000,000.

It was observed that the stockholder made these contributions to an account in a financial institution in the name of the Company. The insurance code requires the following:

18 Del. C. § 1503 “Securities eligible for deposit”

(a) All such deposits required under § 513 of this title for authority to transact insurance in this State shall consist of good interest-bearing or dividend-paying securities of kinds eligible for investment of the funds of domestic insurers under Chapter 13 of this title.

18 Del. C. § 1504 “Depository; access; costs”

(a) Deposits made in this State under this title shall be made through the Commissioner and kept in safe deposit with an established bank or trust company located in this State and selected by the Commissioner.

It is recommended that as a condition of licensure, the Company comply with 18 Del. C. § 1503 “Securities eligible for deposit” and 18 Del. C. § 1504 “Depository; access; costs”.

MANAGEMENT and CONTROL

In accordance with its bylaws adopted, July 15, 2016, the business and affairs of the Company shall be managed by a board of directors that shall consist of no less than three and not subject to a maximum and shall be fixed from time to time by either the Board of Directors or the Stockholder. The Directors are to be elected at the annual meeting of the Shareholder and shall hold office until a successor is elected and qualified or until his or her earlier resignation or removal. The following Directors were appointed as of the examination date:

<u>Name</u>	<u>Ownership Percentage</u>
James George Camerino	zero percent (0%)
Craig William Howie	zero percent (0%)
Sanjoy Mukherjee	zero percent (0%)
Michael Thomas Mulray	zero percent (0%)
Jonathan Martin Zaffino	zero percent (0%)

There are no appointed committees of the Board of Directors.

In accordance with its bylaws, a Board resolution dated August 8, 2016 the Board appointed the following offices and officers:

Name	Office
Jonathan Martin Zaffino	President
Craig William Howie	EVP, Chief Financial Officer & Treasurer
Michael Thomas Mulray	Chief Underwriting Officer & Senior Vice President
Sanjoy Mukherjee	EVP, Secretary, General Counsel & Chief Compliance Officer
James George Camerino	Executive Vice President
Keith Thomas Shoemaker	Comptroller
Ellen Edmonds	Actuary
Brian David Drum	Senior Vice President
Connie Lorraine Germano	Senior Vice President
Michael Karmilowicz	Senior Vice President
Luis Edward Monteagudo	Senior Vice President,
Erik Paul Nikodem	Senior Vice President
Thomas Morelli	Senior Vice President
David Scott Sandler	Senior Vice President

The Company completed the NAIC Form 11 - Biographical Affidavit for each of the directors and officers noted above. The Company's directors and officers each completed an annual conflict of interest disclosure statement.

The Company completed the NAIC Form 12 - Uniform Consent to Service of Process (Power of Attorney), dated and effective September 19, 2016.

HOLDING COMPANY SYSTEM

At formation, the Company became a member of an Insurance Holding Company System. 18 Del. C. §5001(3) states that “control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 10% or more of the voting securities of any other person.”

An abbreviated organizational structure as of the examination date with control percentages of the upstream entities’ control of the downstream entity and domicile is presented below:

<u>Company</u>	<u>Domicile</u>	<u>% Own</u>
Everest Re Group, Ltd	Bermuda	
Everest Reinsurance (Bermuda), Ltd.	Bermuda	100%
Everest Global Services, Inc.	Delaware	100%
Everest Underwriting Group (Ireland) Limited	Ireland	100%
Everest Reinsurance Holdings, Inc.	Delaware	100%
Everest Reinsurance Company	Delaware	100%
Everest National Insurance Company	Delaware	100%
Everest Indemnity Insurance Company	Delaware	100%
Everest Security Insurance Company	Georgia	100%
Mt. Whitney Securities, LLC	Delaware	100%
Everest Denali Insurance Company	Delaware	100%
Everest Premier Insurance Company	Delaware	100%

AGREEMENTS

As of the examination date, the Company is not a party to any claim services agreement, investment management or advisory agreement, intercompany tax allocation agreement, management agreement or administrative services agreement. Effective September 16, 2016, the Company is party to a custodial agreement with the Bank of New York Mellon.

The Company has no employees and does not intend to have employees. Instead, the Company’s staffing needs and other administrative services will be provided by and paid by

affiliates Everest Global Services, Inc. and Everest National Insurance Company. The Company plans on using the existing intercompany agreements for tax, consulting and services agreements. Existing program agreements with producers will be amended to include the Company.

PLAN OF OPERATION

Everest Premier plans to provide admitted coverage to clients that are considered preferred risks in all 50 states and the District of Columbia. Everest Premier's affiliate, Everest National is currently licensed and writing business and will continue to do so as the designated standard, admitted direct insurer for the Group. The same management responsible for Everest National will also be responsible for Everest Premier. Everest Premier plans to become broadly licensed for all lines of insurance. Initially, Everest Premier will offer workers' compensation insurance to preferred risks and will continue to add classes of business as forms and rates are approved and systems are updated to accommodate.

Types of business include the following:

Workers' Compensation:

Coverage will be offered on both monoline and on a package basis, and is offered for a broad array of workers' compensation classes. Target customers have a low turnover and skilled workers with a sound wage base, and demonstrate a willingness to improve safety within their work environment by implementing safety and loss control programs. Limits are based on statutory requirements.

Products & Services include:

- Monoline workers' compensation for insureds based in all 50 states;
- Custom Medical Provider Network;
- Guaranteed Cost;
- Retrospective Rating Plans;

- Large Deductibles; and
- Excess Workers' Compensation.

Commercial Automobile:

Commercial Automobile Liability coverage is offered for the vast majority of industry segments Perils include Bodily Injury, Property Damage, and Uninsured Motorist (BI/PD). Focus areas include Health Care and Social Assistance, Special Needs Transportation, Non-Owned Liability Exposures, and Contractor Fleets. Typical limits of liability are \$1,000,000 however limits up to \$2,000,000 or greater will be available.

Coverage offered include:

- Guaranteed cost;
- Composite rating; and
- Deductible programs (per claim or per occurrence)

Commercial Automobile Physical Damage coverage will be offered for the vast majority of industry segments Perils include Comprehensive and Collision. Focus areas will include Health Care and Social Assistance, Special Needs Transportation, Non-Owned Liability Exposures, and Contractor Fleets. Typical limits of liability are \$1,000,000 however limits up to \$2,000,000 or greater will be offered. Commercial Automobile No-Fault PIP coverage will be offered for the vast majority of industry segments as well.

Personal Automobile:

Private Passenger Auto Liability/Physical Damage/No-Fault PIP:

Everest Premier will write additional private passenger auto business in select states to add to the current portfolio of business written in several states today via an existing program administrator Arrowhead General Insurance Agency. Arrowhead General Insurance Agency currently produces private passenger automobile of licensed affiliates. Everest Premier seeks to

be an affordable option to risks with a variety of needs – including lower limits (minimum statutory limits), higher deductibles, lower down payments/affordable payment plans.

Property/Short-Tail:

Fire/Allied Lines:

Everest Premier seeks to offer these coverages on a mono-line basis, as well as part of a package. The subject of insurance is limited to commercially owned and operated entities which may be organized as corporations, partnerships, joint ventures, or sole proprietorships. The focus is largely on serving small-to-medium sized businesses, with unique underwriting expertise for properties with coastal exposures. Personal lines risks or coverages pertaining to exposures other than those directly related to commercial property are not eligible. Everest Premier plans to develop a diversified well balanced book of business that is both non-CAT and CAT exposed. The CAT exposed business will be equally balanced (geographically) to ensure a low probability of a single event impacting more than one region within the book of business written.

Inland Marine:

Everest Premier will write inland marine (goods in transit) on a mono-line basis, as well as part of a package. The subject of insurance is limited to commercially owned and operated entities which may be organized as corporations, partnerships, joint ventures, or sole proprietorships. The focus is primarily underwriting small and medium-sized risks, and opportunistically larger-sized businesses. Builders' risk class and APD and Motor Truck Cargo are focus areas. Insured limits may vary greatly depending upon customer risk, exposure, and needs.

Earthquake:

Coverage will be provided strictly to compensate policyholders in the event of damages related to an earthquake. Business will be predominantly provided in geographic areas prone to higher levels of earthquake activity, although Everest Premier will strive for optimal geographic diversification throughout the US as well. Coverage may be offered both on a limited standalone basis as well as part of Commercial Multiple Peril.

Homeowners Multiple Peril:

Coverage will be offered for: dwelling, other structures, personal property, and loss of use. Perils covered will include fire, lightning, and extended coverage (including: windstorm, hail, explosion, riot, civil commotion, vehicles, smoke, theft, and breakage of glass). Geographic diversification will be part of the strategy to ensure limited impact of a potential catastrophic event associated with homeowners' insurance.

Casualty/Liability:

Other Liability – Occurrence and Claims Made:

- Includes the following:
 - General Liability (Premises/Operations);
 - Umbrella/Excess Casualty;
 - Products Liability (Line 18);
 - Management Liability (D&O, EPL, Fiduciary);
 - Professional Liability (E&O); and
 - Medical Professional Liability (Line 11)
- Underwriting guidelines vary by line of business but are based on past loss experience and indicators/proxies of future indicators for loss
- Various limits and deductible/SIR offerings will be made available to insureds for each of these coverages.
- Vast majority of this business will be expected to have limits at or below \$10M, although excess policies may carry limits over \$10M.
- Both primary and excess versions of these coverages will be available depending upon insured needs.

Surety:

The surety book of business will focus predominantly on contract surety bonds to support contractors in the construction industry including:

- Bid bonds;
- Performance bonds;
- Payment bonds; and
- Maintenance bonds.

Prospective insureds will be underwritten based on their operations, track record/tenure, finances, work-in-process, etc. Additionally, commercial surety bonds may occasionally be written as well for credit-worthy customers. Bond sizes will vary meaningfully in accordance with individual project needs and federal government regulation.

Fidelity:

Coverage is offered in a package with other management liability lines, but may be offered on a standalone basis as well. Underwriting considerations include the number of employees, safeguards in place, claims experience, etc.

Credit:

Everest Premier will focus predominantly on political risk/trade credit risks. Underwriting involves understanding the country risks to which the U.S. insured is exposed including:

- Economic outlook;
- Credit rating;
- Access to credit;
- Political, social, and demographic conditions;
- Environmental/social/developmental impacts of certain projects; and
- Insured's track record of experience.

Accident and Health:

Medical Stop Loss:

Everest Premier will offer Medical Stop Loss program that provides excess coverage to employers and other entities that self-fund their health benefit plans. The specific details are as follows:

- Specific Coverage
 - Minimum group size and minimum specific deductibles as low as permitted by state regulations.
 - Unlimited annual maximum benefit
 - Full range of contract claim bases to accommodate run-in/run-out needs
 - Specific advance benefit included at no additional cost
- Aggregate Coverage
 - Standard annual maximum benefit of \$1 million; higher limits available
 - Full range of contract claim bases to accommodate run-in/run-out needs

Short Term Medical Insurance:

In addition to its Medical Stop Loss coverage, Everest Premier will offer a short-term medical product that provides temporary or short-term medical insurance to cover unforeseen accidents and illnesses. This includes:

- Members who missed the deadlines for the ACA exchanges and need to wait until the next enrollment period
- Persons temporarily in-between jobs
- Recent high school and college graduates
- Young adults no longer covered under a parent's health benefit plan
- Coverage for children

Pro Sports Disability:

Everest Premier will additionally offer a sports disability product, which provides contractual obligation protection for professional sports teams against a disability that prevents a professional athlete from playing. The customer profile will include athletes from Professional Sports Teams of the following sports:

- Baseball
- Football
- Basketball
- Hockey
- Racing

The Sports disability product offers two types of coverages: Temporary Total Disability and Permanent Total Disability.

Medicare Supplement:

Everest Premier's Medicare Supplement insurance includes standardized plans, regulated by the government, that are designed to provide additional medical coverage for expenses not covered by Medicare. This coverage is offered to individuals 65 and older and currently enrolled in Medicare Part A and Part B.

REINSURANCE

Everest Premier will enter into a reinsurance pooling agreement with its U.S. affiliates and Everest Reinsurance whereby 100% of Everest Premier's net retained premium and losses will be ceded to Everest Reinsurance Company. Third party reinsurance will be a meaningful component of Everest Premier's strategy, to ensure that the Company is appropriately protected and to reduce tail exposure. This is consistent with the existing reinsurance strategy in place for Everest Premier's other licensed insurance affiliates and relationships as well.

CAPITAL AND SURPLUS REQUIREMENTS

18 Del. C. §511(a) requires \$500,000 as the minimum common capital stock and \$250,000 gross paid-in and contributed surplus for a stock insurance company authorized to

write multiple lines property and casualty insurance. Consequently, the minimum required amounts for this examination are as follows:

	<u>Required</u>	<u>Contributed</u>
Common Capital Stock	\$500,000	\$12,500,000
Gross Paid-in	\$250,000	\$12,500,000
Surplus as Regards Policyholders	\$750,000	\$25,000,000

The Company has complied with the minimum capital and surplus requirements for licensure.

FINANCIAL DATA

The financial position of the Company as of the examination date, as determined by this organizational examination, was as follows:

<u>Assets</u>		Note
Cash, Cash Equivalents and Short-term Investments	\$25,000,000	1
Total Admitted Assets	<u>\$25,000,000</u>	
 <u>Liabilities, Capital and Surplus</u>		
Total Liabilities	\$ <u> -0-</u>	
Common Capital Stock	12,500,000	
Paid in Capital	12,500,000	
Unassigned Funds	- <u> 0-</u>	
Capital and Surplus as Regards Policyholders	<u>\$25,000,000</u>	2
<u>Total Liabilities, Capital and Surplus</u>	<u>\$25,000,000</u>	

NOTES TO FINANCIAL STATEMENTS

Note 1 Cash, Cash Equivalents and Short-term Investments \$25,000,000

The reported balance of \$25,000,000 consists of cash in a Wells Fargo Bank operating account. This balance was confirmed directly with the financial institution.

Note 2 Capital and Surplus as Regards Policyholders \$25,000,000

The reported balance of \$25,000,000 consists of the contributed capital from the stockholder, Everest Reinsurance Company.

RECOMMENDATIONS

It is recommended that as a condition of licensure, the Company comply with **18 Del. C. § 1503 “Securities eligible for deposit” and 18 Del. C. § 1504 “Depository; access; costs”**.

CONCLUSION

Based on the organizational examination conducted as of November 7, 2016, the financial condition of the Everest Premier Insurance Company is as follows:

Assets	\$25,000,000
Liabilities	<u> -0-</u>
Capital and Surplus as Regards Policyholders	<u>\$25,000,000</u>

Upon completion of the organizational examination, the Company has complied with the capitalization requirements for the State of Delaware. The examination was conducted by the undersigned.

Respectfully Submitted,



Anthony C. Cardone, CFE
Supervising Examiner-In-Charge
Department of Insurance State of Delaware