

REPORT ON EXAMINATION
OF
BERKLEY INSURANCE COMPANY
AS OF
DECEMBER 31, 2022

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
BERKLEY INSURANCE COMPANY
AS OF
DECEMBER 31, 2022

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.

Handwritten signature of Trinidad Navarro in blue ink.

Trinidad Navarro
Insurance Commissioner

Dated this 3 day of June, 2024

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May 13, 2024

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. 23.001, an examination has been made of the affairs, financial condition and management of

BERKLEY INSURANCE COMPANY

hereinafter referred to as the Company or BIC. The Company was incorporated under the laws of the State of Delaware as a stock company with its home office located at 1209 Orange Street, Wilmington, Delaware. The administrative office of the Company is located at 475 Steamboat Road, Greenwich, Connecticut.

SCOPE OF EXAMINATION

We have performed our multi-state examination of BIC. The last examination of the Company was conducted by the Delaware Department of Insurance (Department) and covered the five-year period from January 1, 2014 through December 31, 2018. This examination covers the four-year period from January 1, 2019 through December 31, 2022.

The examination of the Company was performed as part of the multi-state coordinated examination of Berkley U.S. Group (Berkley Group) of companies as of December 31, 2022. The Department was the lead state for the Berkley Group examination. The examination was conducted concurrently with that of its affiliates:

<u>Name</u>	<u>Domicile</u>
1. Nautilus Insurance Company	Arizona
2. Preferred Employers Insurance Company	California
3. Admiral Indemnity Company	Delaware
4. Admiral Insurance Company	Delaware
5. Berkley Specialty Insurance Company	Delaware
6. Firemen's Insurance Company of Washington D. C.	Delaware
7. Gemini Insurance Company	Delaware
8. Midwest Employers Casualty Company	Delaware
9. Acadia Insurance Company	Iowa
10. Berkley Casualty Company	Iowa
11. Berkley Assurance Company	Iowa
12. Berkley National Insurance Company	Iowa
13. Berkley Prestige Insurance Company	Iowa
14. Berkley Regional Insurance Company	Iowa
15. Carolina Casualty Insurance Company	Iowa
16. Clermont Insurance Company	Iowa
17. Continental Western Insurance Company	Iowa
18. Intrepid Casually Company	Iowa
19. Intrepid Insurance Company	Iowa
20. Intrepid Specialty Insurance Company	Iowa
21. Key Risk Insurance Company	Iowa
22. Riverport Insurance Company	Iowa
23. StarNet Insurance Company	Iowa
24. Tri-State Insurance Company of Minnesota	Iowa
25. Union Insurance Company	Iowa
26. Berkley Life and Health Insurance Company	Iowa – Life Company
27. Great Divide Insurance Company	North Dakota
28. Union Standard Lloyds	Texas

To the fullest extent, the efforts, resources, project material and findings were coordinated and made available to all examination participants.

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 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 of the 2022 KPMG 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

On December 18, 1975, the Company was incorporated as Signet Reinsurance Company under the laws of the State of Nebraska and commenced business on December 31, 1975. On March 31, 1995, the Company re-domiciled to the State of Delaware. On December 31, 2000, the Company's name was changed to Berkley Insurance Company.

Capitalization

The Company's Certificate of Incorporation authorizes the issuance of 500,000 shares of common stock with a \$100 par value and the issuance of 100,000 shares of preferred stock with a \$10 par value. As of December 31, 2022, the Company had 430,000 common shares issued and outstanding totaling \$43,000,000 and 1,000 preferred shares issued and outstanding totaling \$10,000. All outstanding common and preferred shares of the Company are owned by Signet Star Holdings, Inc. (Signet Star).

As of December 31, 2022, the Company reported gross paid in and contributed surplus of \$2,949,106,454. The Company received the following capital contributions from Signet Star during the examination period:

<u>Year</u>	<u>Contributions Received</u>
2019	\$26,852,275
2020	(24,194,910)
2021	28,902,153
2022	<u>29,907,376</u>
Total	<u>\$61,466,894</u>

Dividends

The Company paid ordinary cash dividends to its sole shareholders during the period under examination as reflected in the Board of Directors (Board) meeting minutes and approved by the Department as follows:

<u>Date Declared</u>	<u>Notification Date</u>	<u>Date Paid</u>	<u>Dividend Paid</u>
March 7, 2019	March 12, 2019	March 27, 2019	\$400,000,000
March 2, 2020	March 04, 2020	March 30, 2020	\$400,000,000
March 3, 2020	March 12, 2020	March 30, 2020	\$200,000,000
March 12, 2021	March 12, 2021	March 30, 2021	\$500,000,000

Dividend payments for all years noted above were in compliance with 18 *Del. C.* §5005 (e).

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, all corporate powers and its business property and affairs are managed by, or under the direction, of its Board.

In accordance with the Company's bylaws, the number of Directors shall consist of seven members, and may consist of any number of Directors as may later be determined by resolution of the Board. Directors shall be elected annually by the sole stockholder and shall hold office for one year until successors are elected and qualified, or until earlier resignation or removal. The members of the Board, serving as of December 31, 2022, each elected or appointed in accordance with the Company bylaws were as follows:

<u>Name</u>	<u>Title</u>
William Robert Berkley	Executive Chairman
William Robert Berkley, Jr.	President
Richard Mark Baio	Treasurer
Paul James Hancock	SVP and Chief Actuary

Carol Josephine LaPunzina	Senior Vice President
Philp Stanley Welt	Secretary
James Gerald Shiel	EVP Investments

Officers

In accordance with its bylaws, officers serving the Company shall be a President, one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers. The Board may also elect a Chairman of the Board and other such officers as considered necessary for the proper conduct of the business of the Company. The senior officers, duly appointed in accordance with the bylaws and serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
William Robert Berkley, Jr.	President
Philip Stanley Welt	Executive Vice President and Secretary
Richard Mark Baio	Executive Vice President and Treasurer
James Gerald Shiel	Executive Vice President - Investments
Paul James Hancock	Senior Vice President and Chief Actuary
Carol Josephine LaPunzina	Senior Vice President
Scott Mansolillo	Senior Vice President – Chief Compliance Officer and Chief Privacy Officer

Corporate Records

The recorded minutes of the Shareholders 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, the 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.

Insurance Holding Company System

The Company is a member of an insurance holding company system as it is defined under 18 Del. C. § 5001 (7) of the Delaware Insurance Code. The Company is a wholly owned subsidiary of WR Berkley Corporation (WRBC).

An abbreviated organizational chart of the Berkley Group holding company system as of December 31, 2022, is as follows (William R. Berkley owns 20.6% voting interest in WRBC and WRBC owns 100% voting interests in the subsidiaries listed below):

William R. Berkley (1)

WR Berkley Corporation (2)

Signet Star Holdings, Inc.

Berkley Insurance Company	DE	Pooling Affiliate
Admiral Insurance Company	DE	Pooling Affiliate
Admiral Indemnity Company	DE	100% QS
Carolina Casualty Insurance Co	IA	Pooling Affiliate
Clermont Insurance Company	IA	100% QS
Nautilus Insurance Company	AZ	Pooling Affiliate
Berkley Regional Insurance Company	IA	Pooling Affiliate
Acadia Insurance Company	IA	Pooling Affiliate
Berkley Casualty Company	IA	Pooling Affiliate
Berkley Specialty Insurance Co	DE	Pooling Affiliate
Continental Western Insurance Co	IA	Pooling Affiliate
Firemen's Insurance Company of Washington, D.C.	DE	Pooling Affiliate
Tri-State Insurance Company of MN	IA	Pooling Affiliate
Union Insurance Company	IA	Pooling Affiliate
Berkley Prestige Insurance Company	IA	Pooling Affiliate
Berkley Assurance Company	IA	Pooling Affiliate
Berkley National Insurance Company	IA	Pooling Affiliate
Gemini Insurance Company	DE	Pooling Affiliate
Great Divide Insurance Company	ND	Pooling Affiliate
Intrepid Casualty Company	IA	Pooling Affiliate
Intrepid Insurance Company	IA	Pooling Affiliate
Intrepid Specialty Insurance Company	IA	Pooling Affiliate
Key Risk Insurance Company	IA	Pooling Affiliate
Midwest Employers Casualty Company	DE	Pooling Affiliate
Preferred Employers Insurance Company	CA	100% QS
Riverport Insurance Company	IA	Pooling Affiliate
StarNet Insurance Company	IA	Pooling Affiliate
Union Standard Lloyds	TX	100% QS
Berkley Life and Health Insurance Company	IA	Life Company

- (1) It was noted in a Securities and Exchange Commission filing that as of December 31, 2022, William R. Berkley beneficially owned or controlled 56,982,979 common shares of WRBC, which is publicly traded on the New York Stock Exchange under the symbol WRB. According to the 2022 WRBC Annual Report, there were 276,778,950 outstanding common shares on December 31, 2022. This results in a 20.6% economic interest and 20.6% voting control that William R. Berkley has of WRBC. Consequently, William R. Berkley is considered an ultimate controlling entity of the Berkley Group and the Company.
- (2) As of December 31, 2022, other than noted in (1) above, no other individual or entity owns or controls greater than 10% of WRBC.

Agreements with Affiliates

Broker Agent Agreement

Effective January 1, 2022, BIC on behalf of itself and the Delaware insurers entered into a Broker Agent Agreement with Berkley Connect Insurance Solution, LLC (Berkley Connect) to perform certain insurance marketing, brokerage and related services to specified insurance solicitation, marketing and related services. BIC also on behalf of the Iowa, Arizona and North Dakota insurers, entered into Broker Agent Agreements with Berkley Connect, with effective dates of December 1, 2022, January 1, 2022 and June 22, 2022, respectively.

Claims Administration Agreement

Effective September 1, 2022, a Claims Administration Agreement was entered into with Berkley Claims Solutions, LLC to perform certain claims handling, management, adjustment and related services on its behalf as more fully described in this Agreement with respect to certain insurance policies issued and identified by the Company.

Tax Allocation Agreement

Effective January 1, 1996, and amended on December 31, 2000, the Company and WRBC entered into an affiliated Tax Allocation Agreement. In accordance with the agreement, the Company will participate in WRBC's election to file a consolidated federal income tax return as long as the Company is a member of WRBC. For years where a consolidated federal tax return is filed, WRBC will pay or discharge, or cause to be paid or discharged, the consolidated federal tax liability of WRBC. Taxes are calculated on a separate return basis, and the Company

will pay WRBC an amount equal to the federal income tax liability it would have incurred if it had filed on a separate return. Conversely, if the Company's separate return calculation results in a net operating loss, capital losses, deductions, tax credits or similar items, WRBC shall compensate the Company an amount equal to its federal income tax liability calculated on a separate return basis. In accordance with the contract, WRBC and the Company shall each pay its own state and local taxes.

Investment Advisory Agreement

Effective April 1, 1996, and amended December 31, 2000 and December 5, 2008, the Company entered an affiliated Investment Advisory Agreement with Berkley Dean and Company, Inc. (Berkley Dean). In accordance with the Investment Agreement, Berkley Dean will provide certain investment advisory and management services based upon criteria, standards and guidelines established by the Company. The Company has ultimate and final authority over decisions and policies on purchases and sales of securities.

Investment Management Agreement

Effective January 1, 2005, the Company entered into an affiliated Investment Management Agreement with Steamboat Asset Management, LLC (SAM). In accordance with this agreement, SAM acts as manager for a specified portion of the Company's investment portfolio subject to the direction, control and supervision of the Company.

Standby Letter of Credit Agreement

Effective September 6, 2002, the Company entered into an affiliated Standby Letter of Credit Agreement (LOC Agreement) with WRBC. In accordance with the LOC Agreement, the Company is allowed to borrow cash on an unsecured basis from WRBC to enhance its cash management capabilities by making short-term funds available to it so that it does not have to

liquidate investments prematurely. There was no draw down on this LOC Agreement as of December 31, 2022.

Computer Services Agreement

Effective July 9, 2010, the Company entered into an affiliated Computer Services Agreement (Computer Agreement) with Berkley Technology Services, LLC (BTS). In accordance with the Computer Agreement, BTS provides computer and data processing services to the Company which includes programming, network management, operations and consulting services. The Computer Agreement authorizes BTS to contract with other service providers to satisfy the needs of the Company at its discretion. Per this agreement, BTS agrees all information disclosed by the Company shall be confidential and shall not be disclosed to any individual, corporation other business organization or governmental agency unless required by law in conformity with the Company's privacy policy. In addition, BTS agrees to use information only for the purpose for which the Company provided it.

Management Agreements

Effective January 1, 2013, the Company entered into an affiliated Management Agreement with forty-eight (48) affiliated entities referred to as Managers. The Managers are also referred to as Profit Centers by the Berkley Group's management, and specialize in property and casualty insurance underwriting, claims adjustment and payment and other management services. Effective April 1, 2009, and amended January 15, 2011, the Company had a similar agreement with Berkley Canada and effective April 29, 2013, the Company added another similar agreement with Berkley International Puerto Rico. In accordance with these agreements, the Company appoints the Managers to act on its behalf and do all things necessary and incidental to conduct the business of the Company and its insurance subsidiaries. The agreements authorize the Managers to subcontract

any of the services furnished under the agreements to any subsidiary, affiliate or unrelated third-party subject to the Company's approval.

Simultaneous to the January 1, 2013 agreement, the property and casualty companies in the Berkley Group, with the exception of Preferred Employers Insurance Company (PEIC), appointed the Company to act as their manager under either the Reinsurance Pooling Agreement or a 100% Quota Share Agreement. These reinsurance agreements authorized the Company to subcontract any of the duties and obligations to affiliates or unrelated third parties.

Effective January 1, 2013, the Company entered into an affiliated Management Agreement with PEIC. In accordance with the agreement, PEIC appoints the Company to act as a manager on its behalf and do all things necessary and incidental to conduct the business of PEIC. The agreement authorizes the Company to sub-contract any of the services furnished under the agreement to any subsidiary, affiliate or unrelated third-party subject to PEIC's approval.

Parental Guarantee Agreement

Effective October 9, 2015, the Company entered an affiliated Parental Guarantee Agreement with Berkley Risk Administrators Company, LLC (BRAC). In accordance with the guarantee, the Company provides BRAC with a guarantee of performance for BRAC to comply with the financial requirements for its third-party administration registration in the State of Nevada.

Unlimited and Unconditional Guarantee Agreement

Effective November 1, 2015, the Company entered an affiliated Unlimited and Unconditional Guarantee Agreement with W.R. Berkley Europe AG (WRBE). In accordance with the guarantee, the Company ensures that WRBE will fulfill its policyholder obligations. The

Company shall remain liable for policyholder obligations assumed pursuant to the terms of the WRBE guarantee under policies issued by WRBE on or prior to such termination date.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2022, the Company was licensed and authorized on an admitted basis, to write insurance in all fifty States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Canada. In addition, the Company was also authorized to write insurance and/or reinsurance in the many alien jurisdictions. During 2022, the Company wrote \$303,318,218 in alien jurisdictions, and of that amount, \$268,624,782 or 88.56% was written in Australia.

Plan of Operation

For the year ended December 31, 2022, the Company's direct written premiums were produced by business units managed and controlled by the Company. Five of the largest business units, which are described below, wrote \$1,005,645,120 or 71.25% of the Company's total direct written premium of \$1,411,288,717.

Berkley Professional Liability (Premium written of \$402,930,670 or 28.55%) specializes in professional liability insurance for publicly-traded and private entities on a worldwide basis. Its liability coverages include directors and officers, errors and omissions, fiduciary, employment practices and sponsored insurance agents' errors and omissions. Berkley Transactional, a division of Berkley Professional Liability, underwrites a full suite of transactional insurance products, including representations and warranties insurance, tax opinion insurance and contingency liability insurance.

Berkley One (Premium written of \$181,663,682 or 12.87%) provides a customizable suite of personal lines insurance solutions including home, condo/co-op, auto, liability and collectibles.

Berkley One targets high net worth individuals and families with sophisticated risk management needs.

Berkley Insurance Australia (Premium written of \$174,681,979 or 12.37%) underwrites general insurance business in Australia, including professional indemnity insurance for companies of all sizes.

Berkley Canada (Premium written of \$126,709,162 or 8.97%) underwrites specialty, casualty and surety lines of business on behalf of the Canadian branch of the Company. It specializes in commercial casualty and professional liability and offers a broad portfolio of risk products that includes commercial general liability, umbrella, professional liability, directors and officers, commercial property and surety, in addition to niche products for specific industries such as technology, life science and travel.

Berkley Surety U.S. Branch (Premium written of \$119,659,627 or 8.47%) provides a broad array of surety products for contract and commercial surety risks in the United States and Canada, including specialty niches such as environmental and secured credit for small contractors, through an independent agency and broker platform across a network of twenty-one (21) field offices.

The Company's direct written premiums by source are as follows:

<u>Business Unit Source</u>	<u>2022</u>	<u>Percent</u>
Berkley Pro	\$ 402,930,670	28.55%
Berkley ONE	181,663,682	12.87%
Berkley Australia	174,681,979	12.37%
Berkley Canada	126,709,162	8.97%
Berkley Surety US Branch	119,659,627	8.47%
All Other Sources Combined	<u>405,643,597</u>	<u>28.77%</u>
Total	<u>\$1,411,288,717</u>	<u>100.00%</u>

The Company's direct written premiums by line of business are as follows:

<u>Line of Business</u>	<u>2022</u>	<u>Percent</u>
Other Liability – Claims Made (line 17.2)	\$ 831,696,043	58.95%
Other Liability – Occurrence (line 17.1)	171,841,216	12.17%
Surety (line 24)	120,273,223	8.52%
Homeowners Multiple Peril (line 4)	107,114,925	7.58%
All Other Lines of Business Combined	<u>180,363,310</u>	<u>12.78%</u>
Total	<u>\$1,411,288,717</u>	<u>100.00%</u>

The Company's direct written premiums by jurisdiction, are as follows:

<u>Jurisdiction</u>	<u>2022</u>	<u>Percent</u>
Canada	\$ 189,670,977	13.44%
New York	158,953,886	11.26%
California	147,796,520	10.47%
Texas	85,772,421	6.08%
Florida	55,909,937	3.96%
All Other Jurisdictions Combined	<u>773,184,996</u>	<u>54.79%</u>
Total	<u>\$1,411,288,717</u>	<u>100.00%</u>

REINSURANCE

The Company reported the following distribution of premiums written for the year ended December 31, 2022, and the prior examination date of December 31, 2018:

	<u>2022</u>	<u>% GPW</u>	<u>2018</u>	<u>% GPW</u>
Direct written	\$ 1,411,288,717	13.3%	\$ 555,305,686	8.3%
Reinsurance assumed from affiliates	8,404,537,006	79.1%	5,714,976,742	85.1%
Reinsurance assumed from non-affiliates	<u>810,000,265</u>	<u>7.6%</u>	<u>448,774,457</u>	<u>6.7%</u>
Gross premiums written (GPW)	<u>\$ 10,625,825,988</u>	<u>100%</u>	<u>\$ 6,719,056,885</u>	<u>100%</u>
Reinsurance ceded to affiliates	\$ 134,535,703	1.3%	\$ 41,351,196	0.6%
Reinsurance ceded to non-affiliates	<u>1,400,231,823</u>	<u>13.2%</u>	<u>955,167,328</u>	<u>14.2%</u>
Total ceded	<u>\$ 1,534,767,526</u>	<u>14.4%</u>	<u>\$ 996,518,524</u>	<u>14.8%</u>
Net premiums written	<u>\$ 9,091,058,462</u>	<u>85.6%</u>	<u>\$ 5,722,538,361</u>	<u>85.2%</u>

Assumed Reinsurance – Affiliated

Total reinsurance premiums assumed from affiliate in 2022 was \$8,404,537,006. A summary of the material intercompany reinsurance agreements are below.

Effective January 1, 2013, the Company entered into an intercompany pooling agreement with their affiliated companies. During 2022, the Company assumed \$7,695,544,000 from affiliated insurance companies through the intercompany pooling agreement. Under the terms of the agreement, BIC, as the lead company in the pool, assumed 100% of the direct and assumed business written by the pool members. A listing of the affiliated companies who participate in the pool with premiums ceded to the pool in 2022 is shown below.

<u>Pool Affiliate</u>	<u>Premium Ceded</u>
Acadia Insurance Company	\$ 399,235,000
Admiral Insurance Company	924,284,000
Berkley Assurance Company	337,442,000
Berkley Casualty Insurance Company	144,999,000
Berkley National Insurance Company	680,388,000
Berkley Regional Insurance Company	271,673,000
Berkley Regional Specialty Insurance Company	190,986,000
Carolina Casualty Insurance Company	420,441,000
Continental Western Insurance	308,377,000
Fireman Insurance Company of Washington, D.C.	195,655,000
Gemini Insurance Company	940,303,000
Great Divide Insurance Company	310,811,000
Intrepid Casualty Insurance Company	0
Intrepid Insurance Company	85,255,000
Intrepid Specialty Insurance Company	18,407,000
Key Risk Insurance Company	182,997,000
Midwest Employers Casualty Company	288,884,000
Nautilus Insurance Company	844,622,000
Riverport Insurance Company	42,385,000
StarNet Insurance Company	428,930,000
Tri-State Insurance Company of Minnesota	299,044,000
Union Insurance Company	<u>380,426,000</u>
Total Assumed Intercompany Pool	<u>\$7,695,544,000</u>

In addition to the intercompany pooling agreement the Company had in effect as of December 31, 2022, 100% quota share reinsurance agreements (QS) with four US affiliated

insurance companies. Under the terms of these agreements, the Company assumes 100% of the direct and assumed business written by the companies who are party to the quota share agreements. During 2022, the Company assumed premiums amounting to \$240,288,000 from these QS agreements. A listing of the companies who have 100% QS agreements with the Company and the amount of premiums ceded in 2022 are shown below:

Company	Premium Ceded
Admiral Indemnity	\$ 81,308,000
Clermont Insurance Company	16,175,000
Preferred Employers Insurance Company	134,292,000
Union Standard Lloyds	<u>8,513,000</u>
Total	<u>\$240,288,000</u>

During 2022, the Company also assumed business from various foreign affiliates. The premiums assumed from foreign affiliates in 2022 amounted to \$469,389,000.

Assumed Reinsurance - Non-Affiliate

For the year ended December 31, 2022, the Company wrote approximately \$810 million in unaffiliated gross assumed premium. The unaffiliated assumed reinsurance was primarily produced by the following profit centers:

Berkley Re America provides treaty and facultative reinsurance solutions on a variety of product lines through reinsurance brokers to companies whose primary operations are within the United States and Canada.

Berkley Re Asia Pacific provides property and casualty reinsurance to the Asia Pacific marketplace. With offices in Brisbane, Melbourne, Sydney, Beijing, Hong Kong and Singapore, each branch focuses on excess of loss reinsurance, targeting both property and casualty treaty and facultative contracts, through multiple distribution channels.

Berkley Re Solutions is a direct casualty facultative reinsurance underwriter serving clients through a nationwide network of regional offices. Its facultative reinsurance products include

automatic, semi-automatic and individual risk assumed reinsurance. It also provides its customers with turnkey products such as cyber, employment practices liability insurance and liquor liability insurance to help enhance their clients' product offerings, along with underwriting, claims and actuarial consultation.

Berkley Re UK writes international property casualty treaty accounts. Its territorial scope includes reinsured clients domiciled in the United Kingdom, Europe, Africa, the Middle East and the Caribbean.

Lloyd's Syndicate 2791 participation represents the Company's minority participation in a Lloyd's syndicate that writes a broad range of mainly short-tail classes of business.

Ceded Reinsurance – Non-Affiliate

The Company secures reinsurance to manage its exposure to both natural disaster and underwriting risk. Some covers protect all of the Berkley Group while others may be limited to covering a few or even just one company business unit. Limits and the breadth of coverage depend on the subject business and whether the exposures are frequency- or severity-driven. Some covers are purchased for profit center management and some for the mitigation of loss for the Berkley Group as a whole. For the Berkley Group, the purchasing of catastrophe reinsurances (property catastrophe, workers' compensation catastrophe or casualty catastrophe) has the greatest potential for mitigating the impact to the Berkley Group's financials.

It was noted in the fourth quarter of 2020 the Berkley Group, along with other investors, formed Lifson Re Ltd. (Lifson Re), an exempted limited liability company organized under the laws of Bermuda and registered as a special purpose reinsurer. WRBC's ownership in Lifson Re is approximately 14.4%. Effective January 1, 2021, Lifson Re participated on a fully collateralized basis in a majority of the Company's reinsurance placements for a 22.5% share of placed amounts.

Effective July 1, 2022, the percentage increased from 22.5% to 30.0%. This pertains to all traditional reinsurance/retrocessional placements for both property and casualty business where there is more than one open market reinsurer participating. For the years ended December 31, 2022 and 2021, the Company ceded approximately \$399 million and \$245 million, respectively, of written premiums to Lifson Re.

The significant corporate reinsurance programs in effect as of December 31, 2022 are described below:

Property Catastrophe

The core property catastrophe program consists of four layers. A summary of the program by layer is shown below:

1st Layer - \$100M excess of \$50M - 96.619% Placed

2nd Layer - \$150M excess of \$150M - 100% Placed

3rd Layer - \$150M excess of \$300M - 100% Placed

4th Layer - \$50M excess \$450M - 100% Placed

All Layers are Subject to one reinstatement at 100%.

Property Cat PURPLE Reinsurance Agreement

This Agreement provides protection from various perils on a per event basis as follows:

Section A

Layer 1 - \$20M excess of \$20M All natural Perils (excluding Norther America and Europe).

Layer 2 - \$10M excess \$1.5M All natural Perils Excluding WRB Underwriting other than Japan Typhoon.

Section B

Layer 1 - All Natural Perils Europe \$20M excess \$20M.

Layer 2 - All Perils Europe in respect of policies written by WRBEAG and W/R/B Underwriting \$10M excess \$1.5M.

Section C – Earthquake North America \$20M excess \$20M.

Section D – Named Tropical Storm/Hurricane Northeast Region, Ontario, Quebec, Maritimes \$20M excess \$20M.

Section E – Named Tropical Storm/Hurricane Gulf State \$20M excess of \$20M.

Section F – Named Tropical Storm/Hurricane Florida \$20M excess \$27.5M.

Section G – Tropical Storm/Hurricane all other states/Canada \$20M excess \$20M.

Section H – All natural Perils North America excluding named events, tropical storms, hurricanes, earthquake, severe convective storms and wildfire \$20M excess \$20M.

Section I provides back up protection of up to \$20M for sections A, B, C, D, E, F, G and H. The maximum recovery under section J is \$20M.

The treaty is subject to an aggregate limit of \$80M and is placed 100% with Everest Re.

Multi Pillared Reinsurance Agreement

The Multi Pillared Reinsurance Agreement provides protection from various perils on a per event basis as described below:

Section 1 - Covers Severe Convective Storm within Canada or the United States including all fifty states, the District of Columbia, Puerto Rico and Territories and Possessions. \$10M excess \$35M.

Section 2 - Covers Earthquake within Canada or the United States including all fifty states, the District of Columbia, Puerto Rico and Territories and Possessions. \$10M excess \$40M.

Section 3 – Covers Tropical Storm/Hurricane for the States of West Virginia, Maryland, Delaware, New Jersey, Rhode Island, Connecticut, New York, Vermont, New Hampshire, Maine, Massachusetts, Virginia, Pennsylvania and the District of Columbia and the Canadian Provinces of New Brunswick, Newfoundland, Labrador, Nova Scotia, Ontario, Prince Edward Island and Quebec. \$10M excess \$40M.

Section 4 – Cover Tropical Storm/Hurricane for the States of Alabama, Arkansas, Louisiana, Mississippi, Tennessee, Texas, Puerto Rico, and the United States Territories and Possessions. \$5M excess \$45M.

Section 5 – Covers Tropical Storm/Hurricane in the State of Florida. \$2.5M excess 47.5M.

Section 6 – Covers all Perils unless otherwise excluded with Canada and the United States including the District of Columbia, Puerto Rico and all territories and possessions excluding perils covered on sections 1-5. \$10M excess of \$40M.

The ultimate net loss under all sections of the agreement shall not exceed \$20M.

Retrocessional Catastrophe Program

The retrocessional catastrophe program provides coverage for all reinsurance units within the Berkley Group and provides coverage as shown below:

Layer 1 Section A - \$10M excess of \$20M for all US States, Canada and The Caribbean with 25% placement.

Layer 1 Section B - \$10M excess of \$20M providing Worldwide excluding US States, Canada and The Caribbean with 63.23% placement.

Layer 2 - \$40M excess of \$30M Worldwide coverage with 63.23% placement.

Layer 1 Alternate - \$50M excess of \$20M Worldwide coverage with 36.77% placement.

The contract provides for one reinstatement at 100% pro rata as to the amount reinstated only.

Underlying Catastrophe Reinsurance

The Company had four underlying catastrophe treaties which provide coverage for \$25M excess \$25M as follows:

1. Covered perils are unspecified and include Winter Storm with exclusions for Flood, Earthquake (including Fire Following), Named Storms (including Fire Following), Severe Convective Storms and Terrorism. The contract is 54.8% placed and is subject to one reinstatement at 100%.
2. The contract excludes Winter Storm and provides coverage for Wildfire/brushfire, Conflagration, Fire Following, Riot with exclusions for Flood, Earthquake (including Fire Following), Named Storms (including Fire Following), Severe Convective Storms and Terrorism. The contract is 12.903% placed and is subject to one reinstatement at 100%.
3. The contract excludes Winter Storm and provides coverage for Wildfire, Conflagration, Fire Following, Riot with exclusions for Flood, Earthquake (including Fire Following), Named Storms (including Fire Following), Severe Convective Storms and Terrorism. The contract is 10.0% placed and is subject to one reinstatement at 100%.
4. The contract excludes Winter Storm and provides coverage for severe convective storm with exclusions for Flood, Earthquake (including Fire Following), Named Storms (including Fire Following) and Terrorism. The contract is 12.903% placed and is subject to one reinstatement at 100%.

Workers Compensation Catastrophe XOL

Effective August 1, 2022, this Program is divided into four layers of coverage as described below:

1st Layer - \$15M excess of \$10M with 100% placement; The 1st layer does not cover business written by MECC.

2nd Layer - \$75M excess of \$25M with 100% placement.

3rd Layer - \$300M excess of \$100M with 100% placement.

4th Layer - \$100M excess of \$400M 100% placement.

Casualty Catastrophe Program

Global Underlying Contingency

The Contract is a claims made contract which covers losses during the term January 1, 2022 to January 1, 2023, covering casualty business as follows:

Layer 1 - \$15M excess \$5M with 100% placement subject to three reinstatements; The premium for the first reinstatement is pro rata as to amount and the remaining reinstatements are free.

Layer 2 - \$20M excess \$20M with 100% placement subject to one reinstatement prorated as to amount.

Global Underlying Clash

Effective January 1, 2022, this contract is a claims made contract which covers losses during the term January 1, 2022 to January 1, 2023 covering casualty business as follows:

Layer 1 - \$10M excess \$10M with 100% placement.

Reinstatement premium is calculated by multiplying the fraction which the amount reinstated bears to \$10M of the limit times 100% of the reinsurance premium. The total liability of the reinsurer shall not exceed \$30M in the aggregate.

Global Primo Excess of Loss

This contract is a claims made contract which covers losses during the term January 1, 2022 to January 1, 2023. This contract provides coverage for casualty catastrophes discovered on business written or renewed on or after July 1, 2003. The coverage is provided in two layers as follows:

Layer 1 - Provides coverage for \$20M excess of \$10M with 100% placement with an aggregate recovery of \$40M.

Layer 2 - Provides coverage for \$40M excess of \$30M with 100% placement excess with aggregate recovery of \$80M.

Other Reinsurance Programs

The Company also purchases treaties that specifically protect individual profit centers with the objective of reducing volatility and in some cases providing greater capacity to assist the profit center when competing in their respective marketplace.

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, 2022
- Statement of Liabilities and Surplus as of December 31, 2022
- Statement of Income for the year ended December 31, 2022
- Statement of Capital and Surplus Account for the year ended December 31, 2022
- Reconciliation of Capital and Surplus for the Period December 31, 2018 to December 31, 2022

Statement of Assets
As of December 31, 2022

	Ledger Assets	Nonadmitted Assets	Net Admitted Assets 2022
Bonds	\$ 13,748,920,293	\$ -	\$ 13,748,920,293
Preferred stocks	191,838,477	-	191,838,477
Common stocks	5,252,307,207	-	5,252,307,207
Other than first liens - mortgage loans on real estate	51,421,013	-	51,421,013
Properties occupied by the company	53,585,829	-	53,585,829
Properties held for the production of income	318,927,548	8,874,046	310,053,502
Properties held for sale	70,783,926	-	70,783,926
Cash	530,910,426	-	530,910,426
Cash equivalents	378,582,610	-	378,582,610
Short term investments	311,106,480	-	311,106,480
Other invested assets	2,825,427,907	-	2,825,427,907
Receivables for securities	26,058,603	-	26,058,603
Subtotals, cash and invested assets	<u>\$ 23,759,870,322</u>	<u>\$ 8,874,046</u>	<u>\$ 23,750,996,276</u>
Investment income due and accrued	104,644,530	-	104,644,530
Uncollected premiums and agents' balances in the course of collection	2,416,105,002	22,322,566	2,393,782,436
Deferred premiums; agents' balances and installments booked but deferred and not yet due	13,570,499	904,883	12,665,616
Accrued retrospective premiums and contracts subject to redetermination	3,503,763	-	3,503,763
Amounts recoverable from reinsurers	250,381,496	-	250,381,496
Funds held by or deposited with reinsured companies	14,826,555	-	14,826,555
Current federal and foreign income tax recoverable and interest thereon	57,507,854	-	57,507,854
Net deferred tax asset	354,936,109	12,085,675	342,850,434
Guaranty funds receivable or on deposit	53,049	-	53,049
Electronic data processing equipment and software	20,707,160	15,851,565	4,855,595
Receivables from parent; subsidiaries and affiliates	57,075,931	3,758,006	53,317,925
Aggregate write-ins for other-than-invested assets	28,714,367	21,306,324	7,408,043
Total Assets	<u>\$ 27,121,798,173</u>	<u>\$ 125,004,601</u>	<u>\$ 26,996,793,572</u>

Statement of Liabilities and Surplus
As of December 31, 2022

		<u>Notes</u>
Losses	\$ 11,146,830,849	1
Reinsurance payable on paid losses and loss adjustment expenses	(46,685,290)	
Loss adjustment expenses	2,387,282,312	1
Commissions payable; contingent commissions and other similar charges	120,476,057	
Other expenses (excluding taxes; licenses and fees)	253,645,548	
Taxes; licenses and fees (excluding federal and foreign income taxes)	29,392,636	
Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$659,577,571 and including warranty reserves of \$0)	4,200,566,355	
Advance premium	5,252,244	
Policyholders (dividends declared and unpaid)	3,632,765	
Ceded reinsurance premiums payable (net of ceding commissions)	352,140,535	
Funds held by company under reinsurance treaties	32,143,339	
Amounts withheld or retained by company for account of others	16,036,708	
Remittances and items not allocated	8,870,521	
Provision for reinsurance (including \$1880781 certified)	13,920,856	
Payable to parent; subsidiaries and affiliates	55,230,189	
Derivatives	100	
Payable for securities	48,509,820	
Aggregate write-ins for liabilities	38,960,918	
Total liabilities	<u>\$ 18,666,206,461</u>	
Common capital stock	43,000,000	
Preferred capital stock	10,000	
Gross paid in and contributed surplus	2,949,106,454	
Unassigned funds (surplus)	5,338,470,656	
Surplus as regards policyholders	<u>\$ 8,330,587,110</u>	
Total liabilities & surplus	<u>\$ 26,996,793,572</u>	

Statement of Income
For the Year Ended December 31, 2022

Underwriting Income	
Premiums earned	\$ 8,688,364,972
Deductions	
Losses incurred	4,275,683,014
Loss adjustment expenses incurred	959,567,823
Other underwriting expenses incurred	2,572,955,864
Total underwriting deductions	<u>\$ 7,808,206,702</u>
Net underwriting gain (loss)	<u>\$ 880,158,270</u>
Investment Income	
Net investment income earned	\$ 618,541,112
Net realized capital gains (losses) less capital gains tax of \$39,358,583	138,494,434
Net investment gain (loss)	<u>\$ 757,035,546</u>
Other Income	
Net gain (loss) from agents' or premium balances charged off (amount recovered \$2,056,912 amount charged off \$7,165,745)	\$ (5,108,833)
Finance and service charges not included in premiums	7,144,727
Aggregate write-ins for miscellaneous income	12,678,640
Total other income	<u>\$ 14,714,534</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 1,651,908,351</u>
Dividends to policyholders	<u>5,887,799</u>
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	\$ 1,646,020,552
Federal and foreign income taxes incurred	287,207,554
Net income	<u><u>\$ 1,358,812,998</u></u>

Capital & Surplus Account
For the Year Ended December 31, 2022

Surplus as regards policyholders; December 31 prior year	\$ 6,817,534,521
Net income	1,358,812,998
Change in net unrealized capital gains or (losses) less capital gains tax of \$(24,233,771)	168,430,088
Change in net unrealized foreign exchange capital gain (loss)	(63,436,299)
Change in net deferred income tax	42,334,287
Change in nonadmitted assets	(18,612,154)
Change in provision for reinsurance	(4,559,314)
Surplus adjustments paid in	29,907,376
Transferred to capital (stock dividend)	-
Dividends to stockholders	-
Aggregate write-ins for gains and losses in surplus	175,606
Change in surplus as regards policyholders for the year	<u>\$ 1,513,052,589</u>
Surplus as regards policyholders; December 31 current year	<u>\$ 8,330,587,110</u>

Reconciliation of Capital and Surplus
As of December 31, 2018 to December 31, 2022

	Common Capital Stock	Preferred Stock	Aggregate Write ins for special surplus	Gross Paid-in and Contributed Surplus	Unassigned Surplus	Total
12/31/2018	\$ 43,000,000	\$ 10,000		\$ 2,887,639,560	\$ 2,657,280,371	\$ 5,587,929,931
12/31/2019	-	-		-	601,563,820	(1) 601,563,820
12/31/2019	-	-		-	196,362,520	(2) 196,362,520
12/31/2019	-	-		-	(400,000,000)	(3) (400,000,000)
12/31/2020	-	-		-	771,989,975	(1) 771,989,975
12/31/2020	-	-		-	27,165,656	(2) 27,165,656
12/31/2020	-	-		-	(600,000,000)	(3) (600,000,000)
12/31/2020	-	-		-	97,957	(4) 97,957
12/31/2020	-	-		(24,194,910)		(5) (24,194,910)
12/31/2021	-	-		-	1,040,341,556	(1) 1,040,341,556
12/31/2021	-	-		-	60,034,630	(2) 60,034,630
12/31/2021	-	-		-	(500,000,000)	(3) (500,000,000)
12/31/2021	-	-		-	135,517	(4) 135,517
12/31/2021	-	-		28,902,153		(6) 28,902,153
12/31/2022	-	-		-	1,358,812,998	(1) 1,358,812,998
12/31/2022	-	-		-	124,156,608	(2) 124,156,608
12/31/2022	-	-		-	175,606	(4) 175,606
12/31/2022	-	-		29,907,376		(6) 29,907,376
Total	\$ 43,000,000	\$ 10,000	\$ -	\$ 2,949,106,454	\$ 5,338,470,657	\$ 8,330,587,111

- (1) Represents net income
- (2) Change in unrealized capital gains (losses), Change in net unrealized foreign exchange capital gain, Change in net deferred income tax, Change in non-admitted assets, Change in provision for reinsurance
- (3) Dividends to stockholders
- (4) Aggregate write-ins for gains and losses in surplus (Change in post-retirement liability, Change in foreign exchange adjustment, Change in contingent reserve for municipal bond)
- (5) Net change in controlling financial interest of 860 Development Co LLC which was treated as a reduction of the Company's paid-in and contributed surplus.
- (6) Capital infusion

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	\$11,146,830,849
Loss Adjustment Expenses	\$2,387,282,312

The examination liabilities for the aforementioned captioned items are the same as those balances reported by the Company as of December 31, 2022. 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 Principles No. 55 *Unpaid Claims, Losses and Loss Adjustment Expenses* (SSAP No. 55).

SUBSEQUENT EVENTS

On February 3, 2023, the Company announced a dividend would be paid to its parent, Signet Star on February 23, 2023, in the amount of \$800,000,000.

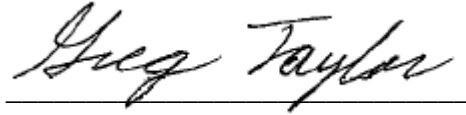
On February 15, 2024, the Company announced a dividend would be paid to its parent, Signet Star on or after March 1, 2024, in the amount of \$800,000,000.

SUMMARY OF RECOMMENDATIONS

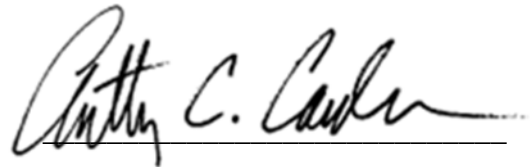
There are no exam report recommendations as a result of this examination.

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,

A handwritten signature in cursive script that reads "Greg Taylor". The signature is written in black ink and is positioned above a solid horizontal line.

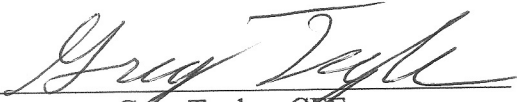
Greg Taylor, CFE
Examiner In-Charge
State of Delaware

A handwritten signature in cursive script that reads "Anthony C. Cardone". The signature is written in black ink and is positioned above a solid horizontal line.

Anthony Cardone, CPA, CFE
Supervising Examiner
State of Delaware

Berkley Insurance Company

I, Greg Taylor, 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. 23.001.



Greg Taylor, CFE