

EXAMINATION REPORT
OF
INDEPENDENCE AMERICAN INSURANCE COMPANY
AS OF
DECEMBER 31, 2022

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
INDEPENDENCE AMERICAN 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 4 day of June, 2024

TABLE OF CONTENTS

SCOPE OF EXAMINATION..... 1

SUMMARY OF SIGNIFICANT FINDINGS 3

COMPANY HISTORY 3

 CAPITALIZATION 3

 DIVIDENDS 4

MANAGEMENT AND CONTROL 4

 DIRECTORS 4

 OFFICERS 5

 CORPORATE RECORDS 5

 INSURANCE HOLDING COMPANY SYSTEM 6

 AGREEMENTS WITH AFFILIATES 8

TERRITORY AND PLAN OF OPERATION 10

 TERRITORY 10

 PLAN OF OPERATION..... 10

REINSURANCE..... 12

FINANCIAL STATEMENTS 14

 STATEMENT OF ASSETS..... 15

 STATEMENT OF LIABILITIES, SURPLUS AND OTHER FUNDS..... 16

 STATEMENT OF INCOME..... 17

 RECONCILIATION OF CAPITAL AND SURPLUS 18

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE
EXAMINATION 19

COMMENTS ON FINANCIAL STATEMENT ITEMS..... 19

SUBSEQUENT EVENTS 19

SUMMARY OF RECOMMENDATIONS 20

May 20, 2024

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

Dear Commissioner:

In accordance with instructions and pursuant to statutory provisions contained in Examination Certification No. 23.010, dated June 16, 2023, an examination has been made of the affairs, financial condition and management of

INDEPENDENCE AMERICAN INSURANCE COMPANY

hereinafter referred to as the Company or IAIC. The Company was incorporated under the laws of the State of Delaware as a stock property and casualty insurance company with its registered office located at 1209 Orange Street, Wilmington, Delaware 19801. The Company's administrative office is located at 11333 N. Scottsdale Road, Suite 160, Scottsdale, Arizona, 85254.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The last examination of the Company was conducted by the Delaware Department of Insurance (Department) as of December 31, 2017. This examination covers the period of January 1, 2018, through December 31, 2022.

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 audit firm, RSM US, LLP (RSM US). Certain auditor work papers of the 2022 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 are no significant findings or material changes to the financial statements as a result of this examination.

COMPANY HISTORY

The Company was incorporated on February 26, 1973, under the laws of the State of Delaware as Pinnacle Insurance Company and commenced business on March 15, 1973. By agreement dated October 16, 1975, the Company was acquired from the Superintendent of Insurance of the State of New York by Geneve Holdings, Inc. (GHI) and was placed as a subsidiary of Independence American Holdings Corp. (IAHC) within the holding company structure. On November 14, 2002, the Company’s name was changed to Independence American Insurance Company. With proper regulatory approvals, Independence Pet Holdings, Inc. (IPH) completed its acquisition of IAHC from GHI on December 20, 2021.

Capitalization

The Company’s Certificate of Incorporation authorizes the issuance of ten thousand (10,000) common shares of common stock with a \$600 par value per share. As of December 31, 2022, the following common stock certificates were issued by the Company to IAHC, a Delaware holding corporation:

<u>Certificate</u>	<u>Shares</u>	<u>Date</u>	<u>Common Capital Stock</u>	<u>Gross Paid In and Contributed Surplus</u>	<u>Total</u>
#14	<u>5,000</u>	11/14/2002	<u>\$3,000,000</u>	<u>\$100,570,444</u>	<u>\$103,570,444</u>
Total	<u>5,000</u>		<u>\$3,000,000</u>	<u>\$100,570,444</u>	<u>\$103,570,444</u>

Dividends

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

<u>Declared Date</u>	<u>Notification Date</u>	<u>Approved Date</u>	<u>Paid Date</u>	<u>Paid Amount</u>
12/20/2018	12/07/2018	12/10/2018	12/20/2018	\$8,400,000
12/23/2019	11/12/2019	11/25/2019	12/23/2019	18,000,000
12/23/2020	11/23/2020	12/02/2020	12/23/2020	10,000,000
12/06/2021	11/24/2021	12/01/2021	12/06/2021	2,800,000

Dividend payments for all of the years noted above were in compliance with 18 Del C. §5004(e) and §5005(b).

MANAGEMENT AND CONTROL

Directors

Pursuant to the general Corporation Laws of the State of Delaware, as implemented by the Company's articles of incorporation and bylaws, all corporate powers are exercised by or under the direction of its Board. Subject to restrictions imposed by law, the articles of incorporation or the bylaws, the Board can exercise all of the powers of the Company.

The number of directors shall be determined by resolution of the Board. The directors are to be elected annually by the Company's stockholder and shall hold office until his successor shall be elected and qualified.

As of December 31, 2022, the directors and their principal business affiliations, were as follows:

<u>Name</u>	<u>Principal Business Affiliation</u>
David T. Kettig	Chief Executive Officer
Jon A. Dubauskas	President, IPG Chief Risk Officer and Chief Actuary
Keith E. Graham	Treasurer and Chief Financial Officer
Lane B. Kent	SVP – Senior Markets and Pets Division
Sammi-Jo C. Nevin	Secretary and General Counsel
David Strauss	IPG Audit Committee Chairperson

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require the election of a President, one or more Vice Presidents, a Secretary, a Treasurer, and any such other officers as deemed necessary from time to time by the Board. Officers shall be elected annually by the Board and shall hold office until their successors are elected and qualified. Two or more offices may be held by the same person. An officer does not need to be a stockholder.

<u>Name</u>	<u>Title</u>
David T. Kettig	Chief Executive Officer
Jon A. Dubauskas	President
Keith E. Graham	Treasurer and Chief Financial Officer
Sammi-Jo C. Nevin	Secretary and General Counsel
Darryl Zee	Executive Vice President – Product Development and Account Management
Adam N. Guarino	Vice President and Controller
Julie Cooper	Vice President – Actuarial Service
Brad Bielawski	Chief Information Security Officer
Lee Ann Karr	Chief People Officer

Corporate Records

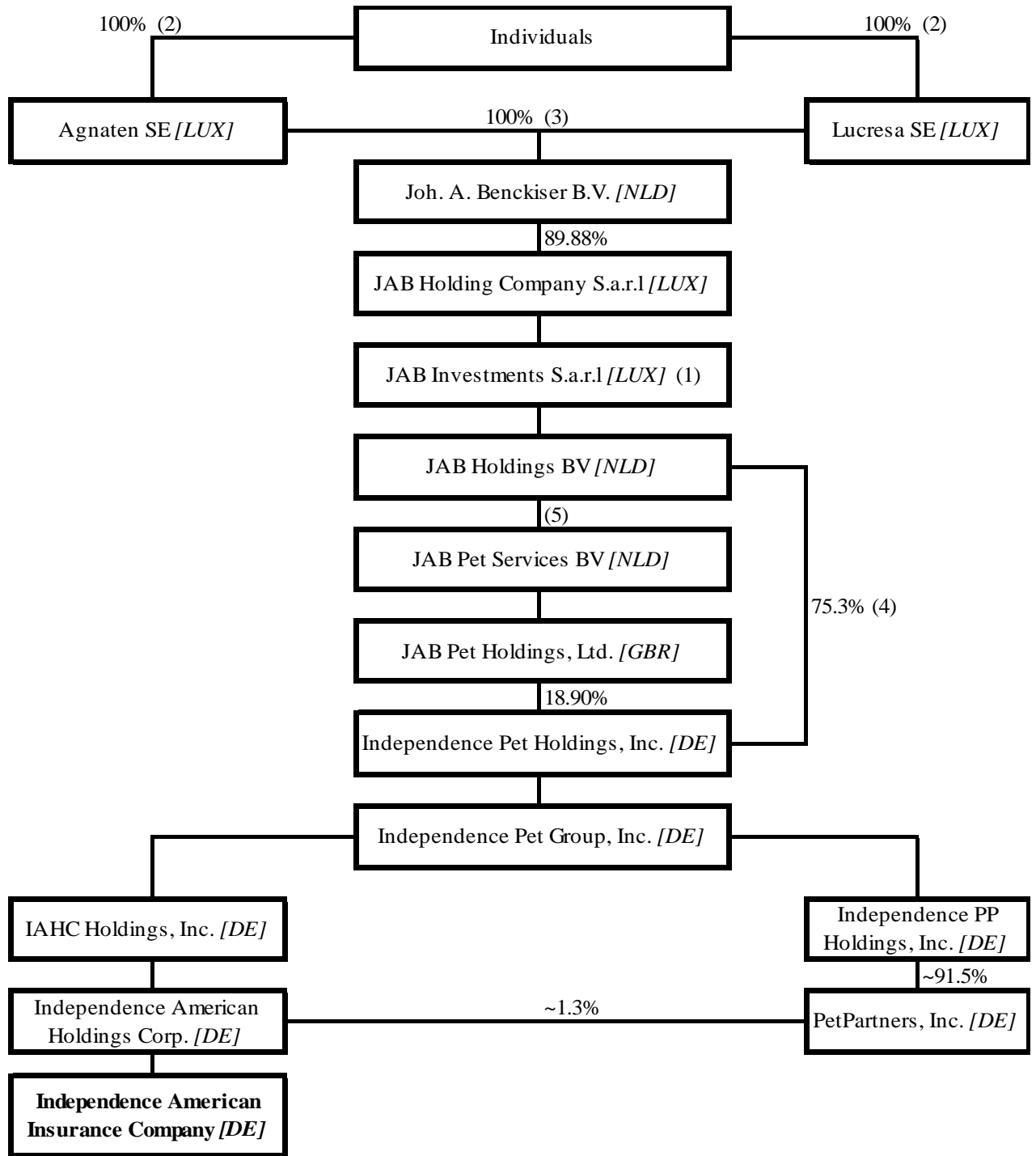
The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in

accordance with 18 *Del. C.* §1304. In addition, a review of Company files indicated that written correspondence was submitted to the Department with regards to any changes in officers and directors during the period under examination in compliance with 18 *Del. C.* §4919.

Insurance Holding Company System

As of December 31, 2022, the Company was a member of an insurance holding company system as defined under 18 *Del. C.* §5001 of the Delaware Insurance Code. The Company is a wholly-owned subsidiary of IAHC.

An abbreviated organizational chart of the holding company system below, provided by management as of November 1, 2023, purports that JAB Holding Company (JAB HoldCo), a private limited liability company domiciled in Luxembourg, is the ultimate controlling entity.



- Notes Unless otherwise noted, ownership of each subsidiary by the immediate parent is 100%.
1. JAB is a global investment organization focused on consumer goods and services. Omitted from this chart are its portfolio company investments outside of the control and management structure of Independence Pet Holdings, Inc.
 2. The Individuals (i.e., Wolfgang Reimann, Matthias Reimann-Andersen, Stefan Reimann-Andersen and Renate Reimann-Haas) collectively control 100% of each of Lucesca SE and Agnaten SE.
 3. Lucesca SE and Agnaten SE collectively own 100% of Joh. A. Benckiser B.V.
 4. JAB Holdings BV owns approximately 75.3% and JAB Pet Holdings Ltd. owns approximately 18.9% of the shares of Class A voting common stock of Independence Pet Holdings, Inc. JAB Pet Holdings Ltd. owns approximately 94% of the shares of Class B non-voting common stock of Independence Pet Holdings, Inc. (Iguana Acquisition LLC owns a de minimis number of shares of Class B non-voting common stock of Independence Pet Holdings, Inc.)
 5. JAB Holdings BV owns 100% of the Class A voting common shares of JAB Pet Services BV. The Class B non-voting common shares of JAB Pet Services BV will be owned approximately 34.9% by JAB Ventures BV and approximately 63.8% by JAB Consumer Partners SCA SICAR.

Joh. A. Benckiser B.V. (JABBV), an entity domiciled in Netherlands owns 89.88% of JAB HoldCo. Furthermore, two Luxembourg-domiciled entities, Lucesca SE and Agnaten SE, combined own 100% of JABBV. Lastly, four related family members, Wolfgang Reimann, Mathias Reimann-Andersen, Stefan Reimann-Andersen, and Renate Reimann-Hass (collectively, Reimann Family), collectively own 100% of both Lucesca SE and Agnaten SE. Collectively, the Reimann Family is the ultimate controlling entity of the Company.

Agreements with Affiliates

The Company receives personnel, administrative, facility and equipment needs under an affiliated agreement. The Company was a party to the following affiliated agreements as of December 31, 2022:

Intercompany Services Agreements

Effective January 21, 2022, the Company entered into an Intercompany Services Agreement (Inbound) with Independence Pet Group, Inc. (IPG) (Service Provider) whereby the Service Provider provides the Company with the following services: executive and administrative, legal, data processing, treasury, corporate secretarial, premium collection and refunds, claims, investment management, record keeping and reporting, data privacy and cyber security. This

agreement was included in a Form D filing on November 24, 2021, and was approved by the Department on January 19, 2022.

Effective January 21, 2022, the Company entered into an Intercompany Services Agreement (Outbound) with IPG (Recipient) whereby the Company provides the Recipient with the following services: executive and administrative, legal, human resources, data processing, data privacy and cyber security, treasury, accounting, payroll and tax, corporate secretarial, investment management, record keeping and reporting and other services. This agreement was included in a Form D filing on November 24, 2021, and was approved by the Department on January 19, 2022.

Tax Allocation Agreement

Effective February 1, 2023, the Company entered into a Tax Allocation Agreement with Independence Pet Holdings, Inc. (IPHI) and affiliates beginning with the 2021 tax year. The agreement provides for a method for financial and statutory accounting of allocating the consolidated tax liability among the various members of the affiliated group. The allocation of taxes shall be made on a separate return basis with current credit for any net operating losses, deductions, credits, or other items utilized in the consolidated tax return. This agreement was included as a Form D filing on January 30, 2023, and approved by the Department on August 10, 2023.

Managing General Agency Agreements

Effective July 13, 2022, the Company entered into a Third Amended and Restated General Agency Agreement with FIGO Pet Insurance LLC (FIGO). This agreement replaces a similar general agency agreement with FIGO effective July 12, 2019. FIGO underwrites and issues pet health insurance policies on behalf of the Company and receives a 27.65% to 30.05% commission for new business produced, depending on the product and distribution. FIGO also processes,

adjudicates and pays claims on behalf of the Company. This agreement was included as a Form D filing on January 30, 2023, and approved by the Department on August 17, 2023.

Effective July 13, 2022, the Company entered into an Amended and Restated General Agency Agreement with PetPartners, Inc. (PetPartners). This agreement replaces a similar general agency agreement with PetPartners effective October 17, 2017. PetPartners underwrites and issues pet health insurance policies on behalf of the Company and receives a 32.5% to 38.5% commission for new business produced, depending on the applicable time period. PetPartners also processes, adjudicates and pays claims on behalf of the Company. This agreement was included as a Form D filing on January 30, 2023, and approved by the Department on August 10, 2023.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2022, the Company is licensed and/or authorized to transact business in all fifty U.S. states and the District of Columbia.

Plan of Operation

The Company provides pet health and specialty human health insurance to commercial customers and individuals. The Company retains all of the pet health insurance risks that it underwrites, and, beginning January 1, 2022, cedes 100% of the following specialty human health lines of business to an unaffiliated domestic reinsurer: vision, dental, medicare supplement and other health (which includes hospital indemnity, short-term medical, medical stop loss, fixed indemnity medical, limited medical plans). The specialty human health insurance business will be completely run-off by year-end 2023, after which the Company intends to only write pet health insurance going forward.

The Company writes pet health insurance through both affiliated and unaffiliated managing general agencies with plans that are marketed to dog and cat owners through veterinary offices, marketing organizations, and direct-to-consumer.

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

<u>Line</u>	<u>2017</u>	<u>2022</u>	<u>Percent</u>
Inland Marine (line 9) [pet health]	\$18,806,631	\$109,123,156	56.57%
Human Health (line 15)			
Vision only (line 15.1)	0	561,813	0.29%
Dental only (line 15.2)	144,942	10,731,250	5.56%
Medicare Supplement (line 15.4)	0	797,247	0.41%
Other Health (line 15.9)	<u>54,679,254</u>	<u>36,423,649</u>	<u>18.88%</u>
Subtotal Human Health	54,824,196	48,513,959	25.15%
Other Liability – Occurrence (line 17.1)	886,136	0	0.00%
Aggregate write-in line (line 34) [pet health]	<u>20,178,271</u>	<u>35,255,950</u>	<u>18.28%</u>
Total	<u>\$94,695,234</u>	<u>\$192,893,065</u>	<u>100.00%</u>

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

<u>Line</u>	<u>2017</u>	<u>2022</u>	<u>Percent</u>
Figo Pet Insurance, LLC (affiliate)	\$ 0	\$ 55,141,880	28.59%
Pet Partners, Inc. (affiliate)	0	40,426,558	20.96%
Pets Best Insurance Services, LLC	38,917,901	27,043,660	14.02%
Pet First	0	21,767,009	11.28%
All Others Combined	<u>67,001</u>	<u>0</u>	<u>0.00%</u>
Subtotal Pet Health	\$38,984,902	\$144,379,106	74.85%
The Loomis Company	\$25,406,704	\$45,136,832	23.40%
EBIX Health Administration Exchange	21,518,320	0	0.00%
Caprock Claims Management, LLC	5,957,610	0	0.00%
All Others Combined	<u>2,827,698</u>	<u>3,377,126</u>	<u>1.75%</u>
Subtotal Specialty Human Health	\$55,710,332	\$48,513,959	25.15%
Total	<u>\$94,695,234</u>	<u>\$192,893,065</u>	<u>100.00%</u>

The Company's direct written premiums by state is as follows:

<u>Line</u>	<u>2017</u>	<u>2022</u>	<u>Percent</u>
California	\$15,968,757	\$34,084,052	17.67%
Florida	7,087,468	18,974,297	9.84%
Texas	13,451,069	12,647,237	6.56%
New York	2,532,504	12,515,756	6.49%
Illinois	2,887,116	8,157,582	4.23%
New Jersey	1,698,484	7,548,574	3.91%
Arizona	5,100,957	6,508,656	3.37%
All Other States and D.C. (44)	<u>45,968,879</u>	<u>92,456,911</u>	<u>47.93%</u>
Total	<u>\$94,695,234</u>	<u>\$192,893,065</u>	<u>100.00%</u>

REINSURANCE

The Company reported the following distribution of written premiums for the year ended December 31, 2022:

Direct written premiums	\$192,893,065
Reinsurance assumed from affiliates	0
Reinsurance assumed from non-affiliates	<u>96,474,935</u>
Total gross (direct and assumed)	<u>\$289,368,000</u>
Reinsurance ceded to affiliates	\$ 0
Reinsurance ceded to non-affiliates	<u>48,513,959</u>
Total ceded	<u>\$ 48,513,959</u>
Net written premiums	<u>\$240,854,041</u>

The Company retained 83.23% of its gross business in 2022.

Assumed Reinsurance

Effective October 1, 2022, the Company entered into a quota share reinsurance agreement with non-affiliates United States Fire Insurance Company (USFIC) and The North River Insurance Company (TNRIC). The Company assumes a 100% quota share from USFIC and TNRIC of their pet health insurance business in effect at that date. For 2022, this equates to \$96,474,935 in assumed premiums.

Ceded Reinsurance

Effective December 20, 2021, the Company entered into a prospective quota share reinsurance agreement and loss portfolio transfer reinsurance agreement with non-affiliate Madison National Life Insurance Company, Inc. (MNLIC). The Company cedes a 100% quota share to MNLIC all of its non-pet health insurance business in effect at that date. This cession includes the human health insurance coverages such as hospital indemnity, dental, short-term medical, limited medical, accidental death and dismemberment, critical illness and vision. Basically, with the change in ownership of the Company effective that day, the Company exited the human health insurance segment with this transaction and will focus exclusively on the pet health insurance segment. The Department approved both of these transactions on December 15, 2021. The Company ceded \$45.521 million in premiums under this agreement of the total 2022 ceded premiums of \$48.514 million, or 93.83% of the total ceded to non-affiliates.

The remaining \$2.993 million in premiums ceded to non-affiliates, or the remaining 6.17% of total 2022 ceded premiums of \$48.514 million, were ceded to Aetna Insurance Company (\$0.754 million), Avesis Insurance Company (\$0.281 million), Axis Insurance Company (\$0.341 million) and Unicare Life and Health Insurance Company (\$1.617 million). The majority of these

cessions covered major medical excess of loss contracts on human health insurance business in effect as of December 20, 2021.

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, Surplus and Other Funds as of December 31, 2022
- Statement of Income for the year ended December 31, 2022
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2017, to December 31, 2022

Statement of Assets
As Of December 31, 2022

	Ledger Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$ 118,507,473	\$ 1,001,513	\$ 117,505,960
Cash, cash equivalents and short-term investments	39,384,816	-	39,384,816
Receivables for securities	16,905	-	16,905
Investment income due and accrued	1,044,343	-	1,044,343
Uncollected premiums in course of collection	32,447,913	-	32,447,913
Amounts recoverable from reinsurers	184,169	-	184,169
Funds held by reinsured companies	337,010	-	337,010
Other amounts receivable on reinsurance	33,844	-	33,844
Net deferred tax asset	8,009,415	5,891,405	2,118,010
EDP equipment and software	51,859	-	51,859
Furniture and equipment	9,333	9,333	-
Receivable from parent, subsidiaries and affiliates	808,808	-	808,808
Aggregate write-ins for other than invested assets	2,968,086	105,764	2,862,322
Total Assets	<u>\$ 203,803,974</u>	<u>\$ 7,008,015</u>	<u>\$ 196,795,959</u>

Statement of Liabilities, Surplus and Other Funds
As Of December 31, 2022

		<u>Note</u>
Losses	\$ 51,362,496	1
Loss adjustment expenses	3,641,601	1
Commissions payable	2,438,564	
Other expenses	3,790,473	
Taxes, licenses and fees (excluding federal income taxes)	1,450,058	
Unearned premiums	19,178,621	
Ceded reinsurance premiums payable (net of ceding commissions)	3,879,611	
Funds held by company under reinsurance treaties	1,006,169	
Amounts withheld by company for account of others	33,567	
Provision for reinsurance	38,000	
Payable for securities	2,995,835	
Aggregate write-ins for liabilities	<u>1,806,372</u>	
Total liabilities	<u>\$ 91,621,367</u>	
Common capital stock	\$ 3,000,000	
Gross paid in and contributed surplus	100,570,444	
Unassigned funds (surplus)	<u>1,604,148</u>	
Surplus as regards policyholders	<u>\$ 105,174,592</u>	
Total liabilities & surplus	<u><u>\$ 196,795,959</u></u>	

Statement of Income
For The Year Ended December 31, 2022

Underwriting Income

Premiums earned	<u>\$ 228,617,154</u>
Deductions	
Losses incurred	\$ 134,125,038
Loss adjustment expenses incurred	2,653,761
Other underwriting expenses incurred	<u>93,231,074</u>
Total underwriting deductions	<u>\$ 230,009,873</u>
Net underwriting gain (loss)	<u>\$ (1,392,719)</u>

Investment Income

Net investment income earned	\$ 2,503,187
Net realized capital gains (losses) less capital gains tax of \$(43,762)	<u>(129,536)</u>
Net investment gain (loss)	<u>\$ 2,373,651</u>

Other Income

Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 0, amount charged off \$)	\$ -
Finance and service charges not included in premium	-
Aggregate write-ins for miscellaneous income	<u>179,518</u>
Total other income	<u>\$ 179,518</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 1,160,450</u>
Dividends to policyholders	<u>-</u>
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	1,160,450
Federal and foreign income taxes incurred	<u>222,542</u>
Net Income	<u><u>\$ 937,908</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
December 31, 2017, to December 31, 2022

	Common Capital Stock	Gross Paid-in and Contributed Surplus	Unassigned Surplus		Total
12/31/2017	\$ 3,000,000	\$ 26,902,015	\$ 42,180,821		\$ 72,082,836
12/31/2018	-	-	18,014,982	(1)	18,014,982
12/31/2018	-	-	1,287,799	(2)	1,287,799
12/31/2018	-	-	(8,400,000)	(4)	(8,400,000)
12/31/2019	-	-	19,029,517	(1)	19,029,517
12/31/2019	-	-	517,547	(2)	517,547
12/31/2019	-	-	(18,000,000)	(4)	(18,000,000)
12/31/2020	-	-	13,353,615	(1)	13,353,615
12/31/2020	-	-	317,555	(2)	317,555
12/31/2020	-	-	(10,000,000)	(4)	(10,000,000)
12/31/2021	-	-	15,500,672	(1)	15,500,672
12/31/2021	-	-	2,912,440	(2)	2,912,440
12/31/2021	-	73,668,429	(73,668,429)	(3)	0
12/31/2021	-	-	(2,800,000)	(4)	(2,800,000)
12/31/2022	-	-	937,908	(1)	937,908
12/31/2022	-	-	419,721	(2)	419,721
	<u>\$ 3,000,000</u>	<u>\$ 100,570,444</u>	<u>\$ 1,604,148</u>		<u>\$ 105,174,592</u>

- (1) Net Income
- (2) Represents the compilation of 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, aggregate write-ins for gains and losses in surplus
- (3) Capital contributions
- (4) Dividends to stockholders

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1

Losses	\$51,362,496
Loss Adjustment Expenses	\$3,641,601

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, SSAP No. 55 – Unpaid Claims, Losses and Loss Adjustment Expenses*.

SUBSEQUENT EVENTS

Change in Ownership

The Company disclosed in its 2023 Annual Statement, Note 10.A to the Financial Statements, that IAHC merged with and into IPH on November 30, 2023. IPH now owns 100% of the Company's common stock and is now the direct parent of the Company going forward.

Capital Contributions

Subsequent to December 31, 2022, the Company received capital contributions from its parent totaling \$122,500,001 as follows:

- \$27,000,001 on March 29, 2023
- \$27,000,000 on June 13, 2023
- \$30,000,000 on September 13, 2023
- \$38,500,000 on December 20, 2023

Shared Services Agreement

The Company disclosed in its 2023 Annual Statement, Note 10.D to the Financial Statements, that on February 19, 2024, it entered into a Shared Services Agreement with affiliate Independence Pet Insurance Company (IPIC, a newly formed and authorized DE insurer) with an effective date of June 15, 2023.

SUMMARY OF RECOMMENDATIONS

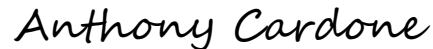
There are no recommendations as a result of this examination.

The assistance and cooperation of the consulting actuarial firm, INS Consultants, Inc., the consulting information systems specialist firm, INS Services, Inc., the Company's external audit firm, RSM US, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



Andrew Chiodini, CFE
Examiner In-Charge
State of Delaware



Anthony Cardone, CPA, CFE
Supervising Examiner
State of Delaware

I, Andrew Chiodini, 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. 23.010.

A handwritten signature in black ink, reading "Andrew E. Chiodini". The signature is written in a cursive style with a prominent initial "A" and a long horizontal stroke at the end.

Andrew Chiodini, CFE