

**REPORT ON EXAMINATION**  
**OF**  
**HUDSON EXCESS INSURANCE COMPANY**  
**AS OF**  
**DECEMBER 31, 2023**

TRINIDAD NAVARRO  
COMMISSIONER



STATE OF DELAWARE  
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION  
OF  
HUDSON EXCESS INSURANCE COMPANY  
AS OF  
DECEMBER 31, 2023

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 blue ink, which appears to read "Trinidad Navarro", is written over a horizontal line.

Trinidad Navarro  
Insurance Commissioner

Dated this 28th day of May, 2025

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May 7, 2025

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

**HUDSON EXCESS INSURANCE COMPANY**

hereinafter referred to as the Company or HEIC. 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 100 William Street, 5<sup>th</sup> Floor, New York, New York 10038.

**SCOPE OF EXAMINATION**

We have performed our multi-state examination of HEIC. The last examination of the Company was conducted by the Delaware Department of Insurance (Department) and covered the five-year period from January 1, 2015 through December 31, 2019. This examination covers the four-year period from January 1, 2020 through December 31, 2023.

The examination of the Company was performed as part of the multi-state coordinated examination of Fairfax Group of regulated United States (U.S.) property and casualty companies (Fairfax U.S. Group) as of December 31, 2023. The Department was the lead state for the Fairfax U.S. Group examination. The examination was conducted concurrently with that of the Company's U.S. affiliates. The Companies in the Fairfax U.S. Group and their state of domicile are summarized as follows by subgroups:

**Hudson Subgroup – 100% owned by Odyssey Re Subgroup below:**

<b><u>Company Name</u></b>	<b><u>NAIC Number</u></b>	<b><u>State of Domicile</u></b>
Hudson Excess Insurance Co	14484	DE
Hudson Insurance Co	25054	DE
Hilltop Specialty Insurance Co	37079	NY

**Odyssey Re Subgroup:**

<b><u>Company Name</u></b>	<b><u>NAIC Number</u></b>	<b><u>State of Domicile</u></b>
Greystone Insurance Co	10019	CT
Odyssey Reinsurance Co	23680	CT

**Crum & Forster Subgroup:**

<b><u>Company Name</u></b>	<b><u>NAIC Number</u></b>	<b><u>State of Domicile</u></b>
American Underwriters Ins Co	10251	AR
Crum & Foster Ind. Co	31348	DE
Crum & Forster Ins Co	42471	NJ
Crum & Forster Specialty Ins Co	44520	DE
First Mercury Ins Co	10657	DE
MTAW Insurance Co	16498	DE
North River Insurance Co	21105	NJ
Seneca Ins Co Inc.	10936	NY
Seneca Specialty Ins Co.	10729	DE
United States Fire Ins Co	21113	DE
Monitor Life Insurance Co	81442	NY

**Zenith Subgroup:**

<b><u>Company Name</u></b>	<b><u>NAIC Number</u></b>	<b><u>State of Domicile</u></b>
Zenith Insurance Co	13269	CA
ZNat Insurance Co	30120	CA

**Allied World Subgroup:**

<b><u>Company Name</u></b>	<b><u>NAIC Number</u></b>	<b><u>State of Domicile</u></b>
Allied World Assur Co US Inc.	19489	DE
Allied World Ins Co	22730	NH
Allied World Natl Assur Co	10690	NH
Allied World Surplus Lines Ins Co	24319	AR
Allied World Specialty Ins Co	16624	DE
Vantapro Specialty Ins Co	44768	AR

**Riverstone/TIG Subgroup:**

<b><u>Company Name</u></b>	<b><u>NAIC Number</u></b>	<b><u>State of Domicile</u></b>
TIG Insurance Co	25534	CA

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 PricewaterhouseCoopers LLC (PwC). Certain auditor work papers of the 2023 PwC audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

#### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings or material changes in financial statements as a result of this examination.

#### **COMPANY HISTORY**

The Company was incorporated on May 11, 2012, in the State of Delaware as a wholly owned subsidiary of Hudson Specialty Insurance Company and commenced operations on October 2, 2012. On November 19, 2012, Hilltop Specialty Insurance Company (HSIC) purchased all 25,948 common shares of the Company and on June 30, 2022, HSIC transferred ownership of the Company to its immediate parent, Hudson Insurance Company (HIC), through an extraordinary dividend consisting of all the outstanding shares of the Company.

Capitalization

The Company is authorized to issue 100,000 shares of common stock with a par value of \$300 per share. As of December 31, 2023, there are 25,948 shares of the common stock issued and outstanding, all of which are held by HIC.

Dividends

There were no dividends paid by the Company during the period covered by this exam.

**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 of Directors (Board).

In accordance with the Company's bylaws, directors shall be elected annually by the sole shareholder and the number of directors who will constitute the entire Board, shall consist of no less than three (3) and no more than nine (9) members. The directors shall hold office until the next Annual Shareholders Meeting or until their successors are elected or appointed.

The members of the Board, serving as of December 31, 2023, each elected or appointed in accordance with the Company bylaws were as follows:

<u>Name</u>	<u>Title</u>
Christopher Liam Gallagher	Chairman, President and CEO Hudson Insurance Group
Elizabeth Ann Sander	Executive Vice President & Chief Actuary
Richard Frederick Coerver IV	Executive Vice President

Officers

In accordance with its bylaws, officers serving the Company shall be a Chairman of the Board, a President, one or more Vice Presidents (as determined by the Board), a Controller, a

Corporate Secretary and other officers as may from time to time be appointed by the Board. The Vice Presidents may include Executive Vice Presidents and Senior Vice Presidents. Any two or more offices may be held by the same person, except that the President and the General Counsel cannot be the same person. The senior officers, duly appointed in accordance with the bylaws and serving as of December 31, 2023, are as follows:

<u>Name</u>	<u>Title</u>
Christopher Liam Gallagher	President & Chief Executive Officer
Dina Georgia Daskalakis	Executive Vice President, General Counsel & Corporate Secretary
Rory Alexander Rose	Senior Vice President and Chief Financial Officer
Paola Andrea Corcoran	Controller
Richard Frederick Coerver IV	Executive Vice President
Trevor Alexander Howard	Executive Vice President
Margaret Mary Catherine Killeen	Executive Vice President
Elizabeth Ann Sander	Executive Vice President & Chief Actuary
Francis Dennis Cerasoli	Senior Vice President
Michael Paul Cifone	Senior Vice President
Robert Ernest Crowther	Senior Vice President
Leslie Weihrich Shore	Senior Vice President
Jack Jeffrey Whittle	Senior Vice President, Asst. General Counsel and Asst. Corporate Secretary

#### 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 regard 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 known as Fairfax Financial Holdings Limited, (FFH) as defined under 18 *Del. C.* §5001 of the Delaware Insurance Code. FFH is a publicly listed company whose subordinate voting shares trade on the Toronto Stock Exchange under the symbol FFH. As of December 31, 2023, FFH had consolidated assets (IFRS Basis) of \$91,985 million and shareholders' equity of \$27,709 million. 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 percent or more of the voting securities of any other person.” Pursuant to this presumption, V. Prem Watsa and The Watsa Family Trust, which collectively owned or controlled 10% or more of the voting shares of the Company as of the examination date, are considered controlling entities of the Company.

The companies in the Hudson sub-group are ultimately 100% owned by Odyssey Group Holdings, Inc., (OGHI). As of December 31, 2023, OGHI was owned 90.01% by Odyssey US Holdings Inc. (OUSHI) and OUSHI was 100% owned by Fairfax US Inc. (Fairfax US). OUSHI merged with and into Fairfax US in December 2024. Fairfax US is 100% owned by FFHL Group Ltd., which is 100% owned by FFH.

An abbreviated organizational chart of FFH as of December 31, 2023, with domicile in brackets, along with the control percentages of the upstream affiliates' control of the downstream affiliate is presented below:

Hudson Excess Insurance Company

		Equity Ownership Percentage	Voting Control Percentage	
V. Prem Watsa and the Watsa Family Trust {1}{8}	{2}	9.84 %	43.88%	{3}
All Other Publicly Traded Shares Held {4}	{5}	90.16%	56.12%	{6}
Fairfax Financial Holdings Limited [Canada] (FFH) {7}		100.0%	100.0%	
FFHL Group Ltd. [Canada]		100.0%	100.0%	
Fairfax (US) Inc. [DE]		100.0%	100.0%	
Odyssey US Holdings, Inc. [DE]		90.01%	100.0%	
Odyssey Group Holdings, Inc. [DE]		100.0%	100.0%	
Odyssey Reinsurance Company [CT]		100.0%	100.0%	
Hudson Insurance Company [DE]		100.0%	100.0%	
Hudson Crop Insurance Services, Inc. [DE]		100.0%	100.0%	
Napa River Insurance Services, Inc. [CA]		100.0%	100.0%	
Pacific Surety Insurance Agency, Inc.		100.0%	100.0%	
Hudson Insurance Services Inc [British Columbia]		100.0%	100.0%	
Hilltop Specialty Insurance Company [NY]		100.0%	100.0%	
<b>Hudson Excess Insurance Company [DE]</b>		100.0%	100.0%	

Notes 1 through 8 more fully describe the ownership and voting percentages throughout the holding company.

{1} Through voting and economic ownership control, both directly and indirectly, of the following individual and entities: Mr. V. Prem Watsa, 2771489 Canada Limited, The Second 1109 Holdco Limited and The Sixty-Two Investment Company Limited.

{2} Calculated as follows:

Description	Shares Outstanding	Shares Owned/Controlled	Percentage of total shares outstanding
Total Single Voting Shares (SVS) outstanding	22,254,478		
<b>Prem Watsa SVS Shares:</b>			
SVS Shares owned through Second 810 HoldCo Ltd.		257,517	1.1572%
SVS Shares owned through 12002574 Canada Inc.		195,100	.8767%
SVS shares held directly {8}		289,491	1.3008%
SVS Shares held through Sixty Two HoldCo		50,620	.2275%
Additional SVS shares under control and direction		2,100	.0094%
<b>Total SVS shares owned/controlled</b>		794,828	3.5715%
Total MVS Shares Outstanding	1,548,000		
MVS Shares owned and controlled through Sixty Two Holdco		1,548,000	100%
Total MVS + SVS Shares Outstanding	23,802,478		
<b>Total MVS + SVS Shares owned and controlled by Mr. Watsa</b>		2,342,828	9.8428%

- {3} Calculated as 1.95% through ownership of SVS shares held by V. Prem Watsa directly and/or through the Second 810 HoldCo Ltd. and 12002574 Canada Inc. as delineated in Note 2 above (including 2100 additional SVS shares under his control and/or direction) and 41.93% through ownership of MVS and SVS Shares held through Sixty-Two HoldCo. It should be noted that pursuant to Canadian securities filing requirements, the 2100 subordinate voting shares owned by immediate family members of Mr. Watsa are also considered to be under the control and/or direction of Mr. Watsa and are therefore included in the voting control percentages reported herein.
- {4} No other individual or entity owns or controls greater than 10% of the voting common shares of FFH as of December 31, 2023.
- {5} Calculated as 100.00% - 9.84% {2}
- {6} Calculated as 100.00% - 43.88% {3}
- {7} FFH common shares are publicly traded on the Toronto Stock Exchange in Canadian dollars under the symbol FFH and in US dollars under the symbol FFH.U. As of December 31, 2023, FFH has issued 1,548,000 multiple voting common shares, 22,254,478 subordinate voting common shares, and 58,239,178 non-voting preferred Series C thru M. FFH's equity attributable to Shareholders as of December 31, 2023, totals \$22,950.5 million (\$ U.S.) which consists of \$21,615 million (includes \$3.8 million of multiple voting shares) related to voting common shares (94.18% of the total) and \$1,335.5 million related to non-voting preferred shares (05.82% of the total).

{8} On May 13, 2024, FFHL re-purchased 275,000 SVS from Mr. Watsa for cancellation, reducing the number of shares held directly by Mr. Watsa to 14,491. As a result, the 1.95% year-end 2023 ownership percentage shown in Note 3 above would be reduced to approximately 1.24% after cancellation in 2024.

### Agreements with Affiliates

#### *Expense Sharing Agreement*

Effective January 1, 2013, the Company entered into an Expense Sharing Agreement with Odyssey Reinsurance Company (ORC). Each party to the agreement is to make the following services available to the other parties: management, consulting, underwriting, claims, accounting, financial, legal, personnel and data processing services, to be used at times and in amounts determined necessary and appropriate by the managing officers of each company. Each party provides quarterly detailed statements to each company to which it provided services during the quarter. This agreement was approved by the Department on January 2, 2013.

#### *Tax Allocation Agreement*

Effective May 11, 2012, by Amendment No. 4, the Company became a party to the 2000 Tax Allocation Agreement with Fairfax US, Oghi, ORC, Clearwater Select Insurance Company and HSIC. The Tax Allocation Agreement was originally effective January 1, 2000. The Company and its U.S. affiliates file a consolidated U.S. federal income tax return in accordance with Section 1501 of the U.S. Internal Revenue Code of 1986 (as amended). Each company's tax liability is calculated based upon its respective share of consolidated income. The agreement further provides that each member receives reimbursement to the extent that its losses and other credits resulted in a reduction of the current year's consolidated tax liability, not to exceed its liability as if filed on an individual basis.

#### *Tax and Compliance Services Agreement*

Effective May 11, 2013, the Company entered into a Tax and Compliance Services Agreement with Fairfax US. Fairfax US provides tax compliance and consulting services to Oghi

and its subsidiaries. The fees paid by each company are payable quarterly and include a total fixed base fee and a variable fee component that includes third party outside fees incurred on behalf of Oghi and its subsidiaries.

*Investment Manager Agreement*

Effective May 11, 2012, the Company entered into an Investment Management Agreement with Hamblin Watsa Investment Counsel, Ltd. (HW) and Fairfax Financial Holdings Limited (FFH). HW manages the Company's investment portfolio in accordance with investment objectives communicated in writing by Company management, subject to investment guidelines in compliance with the investment limitation statutes of the State of Delaware. In addition, FFH provides investment administrative services to the Company under guidelines established by the Board or authorized committee of the Board.

*Master Administrative Services Agreement*

Effective November 1, 2014, the Company entered into a Master Administrative Services Agreement among various U.S. operating subsidiaries of FFH. Each party to the agreement may provide certain administrative services to any other party. Each party provides quarterly detailed statements to each company to which it provided services during the quarter.

**TERRITORY AND PLAN OF OPERATION**

Territory

As of December 31, 2023, the Company has a certificate of authority to write business in Delaware, as a domestic surplus lines insurer, and is eligible to write surplus lines in the remaining 49 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

During 2023, the Company wrote 47% of its direct business in the following jurisdictions: California (15%), New York (11%), Texas (11%) and Florida (10%).

Plan of Operation

The Company serves as one of two vehicles in the Hudson Group for the writing of primary property and casualty insurance business on an excess and surplus lines basis. The two main business segments for the Company are direct business and program business. On direct business, the Company's distribution is through the broker marketplace and produces this business by writing through national and regional brokers and other independent producers. Business that is written on a program basis is produced and underwritten by contracted program administrators.

Direct written premiums in 2023 by line of business were as follows:

Line of Business	Direct Premium Written	Percentage of Direct Premium Written
Other liability - occurrence	\$ 378,230,848	53.2%
Other liability - claims-made	168,824,797	23.7%
Commercial multiple peril (non-liability)	61,101,734	8.6%
Medical professional liability - claims-made	58,460,618	8.2%
Other commercial auto liability	11,120,453	1.6%
All other lines	33,464,300	4.7%
Total Direct Written Premiums	\$ 711,202,750	100.0%

**REINSURANCE**

The Company reported the following distribution of premiums written for the year ended December 31, 2023, and the prior examination date of December 31, 2019:

	<u>2023</u>	<u>% GPW</u>	<u>2019</u>	<u>% GPW</u>
Direct written	\$ 711,202,750	98.1%	\$ 135,515,970	99.1%
Reinsurance assumed from affiliates	-	0.0%	-	0.0%
Reinsurance assumed from non-affiliates	14,063,122	1.9%	1,257,293	0.9%
Gross premiums written (GPW)	\$ 725,265,872	100.0%	\$ 136,773,263	100.0%
Reinsurance ceded to affiliates	\$ 438,761,691	60.5%	\$ 82,707,959	60.5%
Reinsurance ceded to non-affiliates	96,033,809	13.2%	22,879,963	16.7%
Total ceded	\$ 534,795,500	73.7%	\$ 105,587,922	77.2%
Net premiums written	\$ 190,470,372	26.3%	\$ 31,185,341	22.8%

HEIC retained 26.3% of its gross business in 2023.

Assumed

The Company assumed \$14,063,122 of this amount. \$11,667,000 was assumed from various unaffiliated companies and \$2,396,000 was assumed from Pools and Associations.

Ceded

From the years 2013 through 2017, HEIC only had one significant affiliated reinsurance agreement (100% Quota Share Reinsurance Agreement effective April 9, 2013) covering its general book of business with ORC. Effective January 1, 2018, HEIC amended this agreement to a 70% quota share reinsurance agreement with ORC, thereby increasing its net premium written.

The Company's external reinsurance program is designed to protect its program business with quota share and excess treaties written for individual programs or classes of business written by the programs. The Company had in effect a property catastrophe treaty for \$15 million excess \$2.5 million and a contingency excess of loss written in two layers, \$5 million excess \$5 million and \$10 million excess \$10 million, to protect its entire book of business.

**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, 2023
- Statement of Liabilities and Surplus as of December 31, 2023
- Statement of Income for the year ended December 31, 2023
- Statement of Capital and Surplus Account for the year ended December 31, 2023
- Reconciliation of Capital and Surplus for the Period December 31, 2019 to December 31, 2023

Statement of Assets  
As of December 31, 2023

	Ledger Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 410,481,748	\$ -	\$ 410,481,748
Preferred stock	18,346,835		18,346,835
Common stock	32,521,286		32,521,286
Mortgage loans	80,579,668		80,579,668
Cash	3,284,388		3,284,388
Cash equivalents	25,951,631		25,951,631
Short term investments	626,938		626,938
Subtotals, cash and invested assets	<u>\$ 571,792,494</u>	<u>\$ -</u>	<u>\$ 571,792,494</u>
Investment income due and accrued	4,851,294		4,851,294
Uncollected premiums and agents' balances	24,431,143	2,127,069	22,304,074
Deferred premiums	31,130,859	1,182,859	29,948,000
Amounts recoverable from reinsurers	50,349,237		50,349,237
Net deferred tax asset	11,536,783	1,578,816	9,957,967
Electronic data processing equipment and software	5,496,690	5,476,750	19,940
Receivables from parent, subsidiaries and affiliates	9,914,390		9,914,390
Aggregate write-ins for other than invested assets	31,569,491	180,086	31,389,405
Total Assets	<u><u>\$ 741,072,381</u></u>	<u><u>\$10,545,580</u></u>	<u><u>\$ 730,526,801</u></u>

Statement of Liabilities and Surplus  
As of December 31, 2023

		Notes
Losses	\$ 222,521,040	1
Loss adjustment expenses	27,043,575	1
Commissions payable; contingent commissions and other similar charges	1,850,296	
Other expenses (excluding taxes, licenses and fees)	341,635	
Current federal and foreign income taxes	10,006,478	
Unearned premiums	78,830,761	
Advance premium	6,043,608	
Ceded reinsurance premiums payable	91,916,106	
Funds held by company under reinsurance treaties	36,650	
Amounts withheld or retained by company for account of others	92,543,420	
Provision for reinsurance	2,635,000	
Payable to parent; subsidiaries and affiliates	26,043,598	
Payable for securities	3,340,705	
Aggregate write-ins for liabilities	12,736,112	
Total liabilities	<u>\$ 575,888,984</u>	
Common capital stock	\$ 7,784,400	
Gross paid in and contributed surplus	48,922,000	
Unassigned funds (surplus)	97,931,417	
Surplus as regards policyholders	<u>\$ 154,637,817</u>	
Total liabilities & surplus	<u><u>\$ 730,526,801</u></u>	

Statement of Income  
For the Year Ended December 31, 2023

Underwriting Income	
Premiums earned	\$ 183,006,568
Losses incurred	<u>\$ 101,842,218</u>
Loss adjustment expenses incurred	18,209,897
Other underwriting expenses incurred	<u>31,270,554</u>
Total underwriting deductions	<u>\$ 151,322,669</u>
Net underwriting gain (loss)	<u>\$ 31,683,899</u>
Investment Income	
Net investment income earned	\$ 23,498,288
Net realized capital gains (losses) less capital gains tax of (\$502,535)	<u>(7,865,859)</u>
Net investment gain (loss)	<u>\$ 15,632,429</u>
Other Income	
Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)	\$ -
Finance and service charges not included in premiums	-
Aggregate write-ins for miscellaneous income	-
Total other income	<u>\$ -</u>
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	\$ 47,316,328
Federal and foreign income taxes incurred	<u>14,719,071</u>
Net income	<u><u>\$ 32,597,257</u></u>

Capital & Surplus Account  
For the Year Ended December 31, 2023

Surplus as regards policyholders; December 31 prior year	\$ 115,940,536
Net income	32,597,257
Change in net unrealized capital gains or (losses) less capital gain tax of \$1,106,719	4,016,231
Change in net unrealized foreign exchange capital gain (loss)	147,139
Change in net deferred income tax	3,270,012
Change in nonadmitted assets	(1,333,358)
Change in surplus as regards policyholders for the year	<u>\$ 38,697,281</u>
Surplus as regards policyholders; December 31 current year	<u><u>\$ 154,637,817</u></u>

Reconciliation of Capital and Surplus  
As of December 31, 2019 to December 31, 2023

	Common Capital Stock	Preferred Stock	Aggregate Write ins for special surplus	Gross Paid-in and Contributed Surplus	Unassigned Surplus	
12/31/2019	\$ 7,784,400	\$ -	\$ -	\$ 38,922,000	\$ 20,604,001	
12/31/2020	-	-	-	-	7,434,476	(1)
12/31/2020	-	-	-	-	4,227,976	(2)
12/31/2021	-	-	-	-	13,343,155	(1)
12/31/2021	-	-	-	-	(4,059)	(2)
12/31/2021	-	-	-	10,000,000	-	(3)
12/31/2022	-	-	-	-	23,984,898	(1)
12/31/2022	-	-	-	-	(10,356,311)	(2)
12/31/2023	-	-	-	-	32,597,257	(1)
12/31/2023	-	-	-	-	6,100,024	(2)
Total	<u>\$ 7,784,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,922,000</u>	<u>\$ 97,931,417</u>	

(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 and Change in provision for reinsurance

(3) 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	\$222,521,040
Loss Adjustment Expenses	\$27,043,575

The examination liabilities for the aforementioned captioned items are the same as those balances reported by the Company as of December 31, 2023. 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**

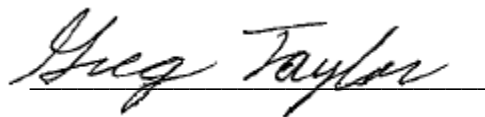
There were no material subsequent events noted for the Company.

**SUMMARY OF RECOMMENDATIONS**

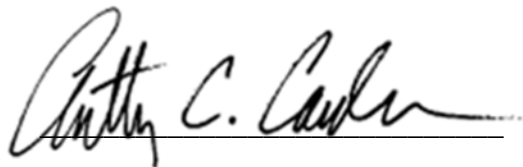
There are no exam report recommendations as a result of this examination.

The assistance and cooperation of the Company's outside audit firm, PwC, and the Company's management and staff was appreciated and is acknowledged.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Greg Taylor", written over a horizontal line.

Greg Taylor, CFE  
Examiner In-Charge  
State of Delaware

A handwritten signature in cursive script, reading "Anthony C. Cardone", written over a horizontal line.

Anthony Cardone, CPA, CFE  
Supervising Examiner  
State of Delaware

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. 24.008.

  
\_\_\_\_\_  
Greg Taylor, CFE