

REPORT ON EXAMINATION
OF
EVEREST DENALI INSURANCE COMPANY
AS OF
DECEMBER 31, 2024

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
EVEREST DENALI INSURANCE COMPANY
AS OF
DECEMBER 31, 2024

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.

Trinidad Navarro
Insurance Commissioner

Dated this 10th day of June, 2026

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May 19, 2026

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North Street
Suite 101
Dover, Delaware 19904-2465

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 25.018, dated February 24, 2025, an examination has been made of the affairs, financial condition and management of

EVEREST DENALI INSURANCE COMPANY

hereinafter referred to as the Company or EDIC. The Company was incorporated under the laws of the State of Delaware as a stock company with its home office located at 251 Little Falls Drive, Wilmington, Delaware. The administrative office of the Company is located at 100 Everest Way, Warren Corporate Center, Warren, New Jersey.

SCOPE OF EXAMINATION

We have conducted a full-scope risk-focused examination of the Company. The last examination was conducted by the Delaware Department of Insurance (Department) as of December 31, 2020. This examination covered the period of January 1, 2021 through December 31, 2024.

Our examination was performed on the Delaware-domiciled companies (Companies) within the Everest Group, Ltd. (EG) holding company system as of December 31, 2024. Hereinafter, collectively, the EG holding company and the Delaware insurance companies are referred to as the “Group.” The Company’s Delaware-domiciled affiliates are Everest Reinsurance Company (ERC), Everest National Insurance Company (ENIC), Everest Indemnity Insurance Company (EIIC), Everest Premier Insurance Company (EPIC) and Everest Security Insurance Company (ESIC), which redomiciled from Georgia to Delaware during the current examination period.

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 2024 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 June 7, 2016, and commenced business on November 24, 2016, to engage in property and casualty insurance and reinsurance business. The Company is authorized to write property, casualty (all subdivisions), marine and transportation, surety, and health.

Capitalization

The Company is authorized to issue 12,500 shares of common capital stock with a par value of \$1,000 per share. As of December 31, 2024, all 12,500 shares are issued and held by ERC, resulting in common capital stock of \$12,500,000. The Company's gross paid in and contributed surplus was \$12,500,000 as of December 31, 2024.

Dividends to Stockholder

The Company did not declare or pay any dividends during the examination period to its sole stockholder, ERC.

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Law of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the Company's business and affairs are managed by its Board of Directors (Board). The bylaws provide that the Company's Board shall consist of a minimum of three directors. The number of directors shall not be subject to any maximum and shall be fixed from time to time either by the Board or the stockholders. As of December 31, 2024, the members of the Board together with Company titles were as follows:

<u>Name</u>	<u>Title</u>
William Hazleton#	Executive VP, President of North American Insurance
Robert Freiling	Senior VP, CFO & CAO
Eric Herman	Senior VP & Chief Underwriting Officer, North America
Christopher Blum	Director
Peter Gilhuley	Director
# New in 2024	

The Company's functional audit committee is designated by the EG board.

Officers

The bylaws of the Company state the principal officers shall be a President, one or more Vice Presidents, a Treasurer, a Comptroller, a Corporate Secretary and such additional officers as it may from time to time be decided by a resolution adopted by a Board majority. The Board may also designate such number of Executive Senior Vice Presidents as may be deemed appropriate. As of December 31, 2024, the Company's principal officers and their respective titles were as follows:

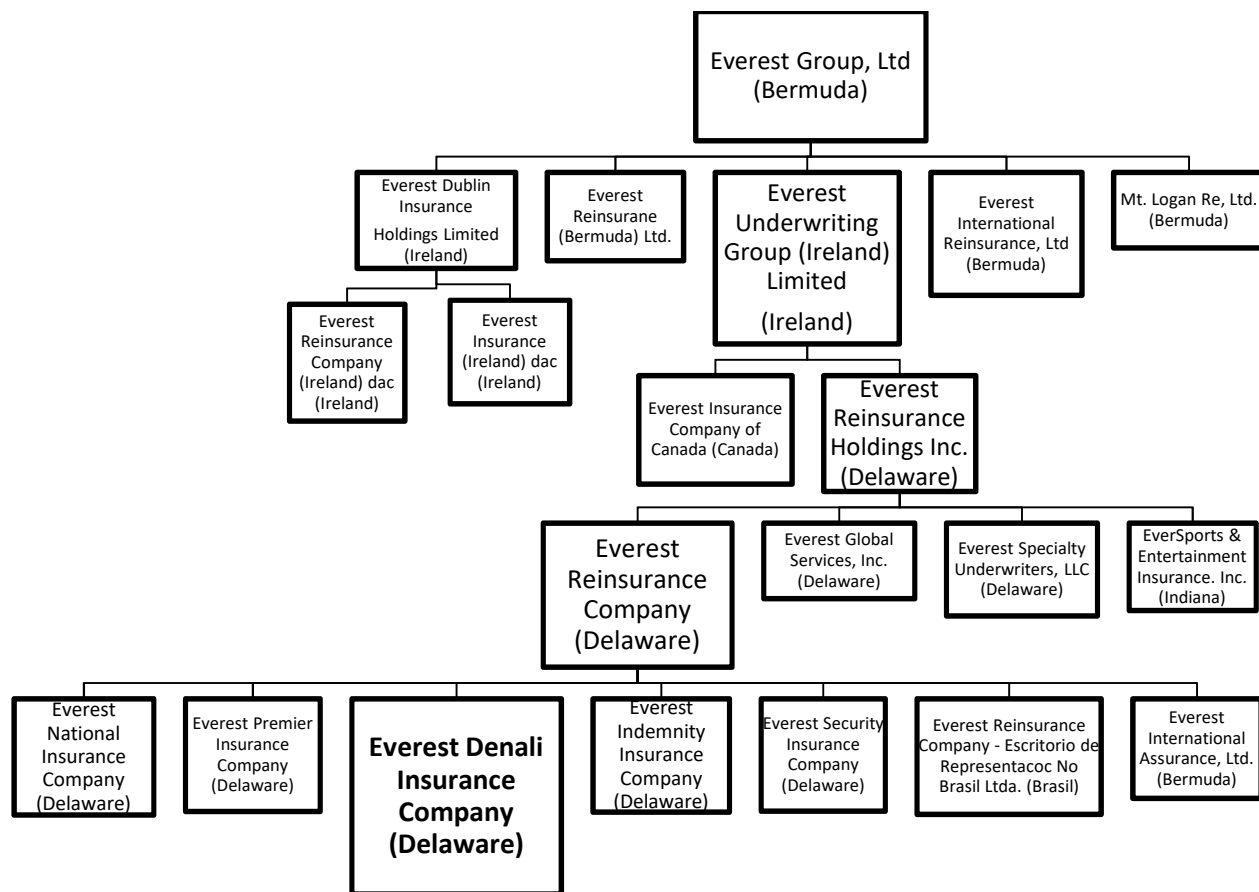
<u>Name</u>	<u>Title</u>
James Allan Williamson#	President & CEO
Sylvia Semerdjian	Senior VP & Secretary
Brian Lee Bedner	Senior VP & Treasurer
Robert Freiling	Senior VP, CFO & CAO
David Sean Harris	Senior VP & Chief Reserving Actuary
# New in 2024	

Corporate Records

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. In addition, review of the Company's Board meeting minutes over the examination period reflected accordance with the Company's bylaws. From review of such minutes, attendance at Board meetings, elections of directors and officers, and approvals of investment transactions were noted.

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined under 18 *Del. C.* § 5001 of the Delaware Insurance Code. The ultimate controlling entity within the holding company system is EG, a Bermuda company established in 1999, which wholly owns Everest Underwriting Group (Ireland) Limited (Everest Ireland). Everest Ireland wholly owns Everest Reinsurance Holdings, Inc. (Holdings), a Delaware corporation, which is the holding company for the U.S. based operations. Holdings wholly owns ERC, a Delaware domiciled property and casualty insurer and the Company's direct parent within the holding company system. EG is a registered public company whose shares are traded under the ticker symbol "EG" on the New York Stock Exchange. The following abbreviated organization chart reflects the ownership chain of subsidiaries and their domestic affiliation as of December 31, 2024 (ownership of subsidiaries is 100% unless otherwise noted):



Agreements with Affiliates

The following affiliated agreements within EG’s organizational structure were identified and in effect as of December 31, 2024:

Tax Allocation Agreement

Effective January 1, 2017, Holdings, the statutory insurance companies under review, Specialty Insurance Group and Everest International Assurance, Ltd., collectively, the "Group" are party to an Intercompany Tax Allocation Agreement, whereby, each company shall contribute its fair and equitable share to the taxes payable by the Group or as compensation for the reduction in the net operating loss deduction, capital loss deduction or other tax benefit of the Group. The Group files a consolidated tax return annually, with each company calculating their respective amounts for payment of taxes, estimated tax or refund of tax which each company would be liable

for or entitled to as if it had filed a separate return. All payments between and among each company of the Group are settled no later than 90 days in accordance with the terms of the agreement. Final settlement among the companies occurs annually.

Master Service Agreement

Effective January 1, 2019, certain affiliate companies (Affiliates) became party to a Master Service Agreement. Under the terms of the agreement, services from an Affiliate may be provided to another Affiliate. Services provided include, but are not limited to, underwriting and claims services, agency services for admitted & excess lines, accounting, tax and auditing, legal services, information technology, etc. The receiving Affiliate shall pay the providing Affiliate the fair market value price for services. In an addendum to the agreement, the parties agree that the current fair market value for all services is 100% of the incurred cost, as determined in accordance with generally accepted accounting principles and cost allocation procedures implemented from time to time by the parties, whether the company is a Receiving Affiliate or a Providing Affiliate.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write property and casualty insurance in all fifty (50) states and the District of Columbia and underwrites its property and casualty business through its agency relationships and its direct underwriting segments. As of December 31, 2024, the Company had eight active programs and eleven active direct segments in place. In 2024, 94.6% of the Company's direct premiums written were in the following three lines of business: commercial auto liability (58.6%), workers' compensation (23.2%) and auto physical damage (12.8%).

REINSURANCE

The Company reported the following distribution of premiums written for the year ended December 31, 2024:

	<u>2024</u>	<u>% GPW</u>
Direct Business	\$ 238,422,701	99.7%
Reinsurance assumed from affiliates	-	0.0%
Reinsurance assumed from non-affiliates	<u>761,892</u>	<u>0.3%</u>
Gross Premiums Written	<u>\$ 239,184,593</u>	<u>100.0%</u>
Reinsurance ceded to affiliates	233,928,681	97.8%
Reinsurance ceded to non-affiliates	<u>5,255,912</u>	<u>2.2%</u>
Total Ceded Premium	<u>\$ 239,184,593</u>	<u>100.0%</u>
Net Premiums Written	<u>\$ -</u>	<u>0.0%</u>

Assumed Reinsurance – Affiliates

The Company had no assumed business with affiliates.

Assumed Reinsurance – Non-Affiliates

The Company's assumed business from mandatory pools and associations in 2024 totaled \$761,892.

Ceded Reinsurance – Affiliates

Effective January 1, 2014, amended effective January 1, 2017, and amended effective May 30, 2018, an intercompany pooling arrangement was created between the then U.S. statutory affiliates (Pool Companies), with all companies included in this examination ceding 100% of their net retained liability (net liability after deductions of all inuring reinsurance on the business) under new and renewal policies to ERC, the lead company in the pooling arrangement, whereby each pooled Company has 0% participation in the pooling transaction. An amendment effective January 1, 2017, added the Company and EPIC to the pooling agreement as additional companies with the same terms and conditions. The amendment effective May 30, 2018, removed a 3.5% ceding

commission on net written premiums subject to the pooling. For the year ended December 31, 2024, the Company's ceded premium to ERC under the pooling agreement was \$233,928,681.

Ceded Reinsurance – Unaffiliated

The Pool Companies purchase reinsurance to cover specific business written for the potential accumulation or aggregation of exposures across some or all of its operations. The amount of reinsurance purchased has varied over time, reflecting the view of its exposures and the cost of reinsurance, with significant exposure to property risk, including catastrophic losses relating to natural disasters. Catastrophe loss projections are segmented by risk zones, which are updated quarterly and reviewed as part of a formal risk management review process.

Total premiums ceded to unaffiliated reinsurers for the year ended December 31, 2024 amounted to \$5,255,912 pertaining to commercial auto liability reinsurance.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets and Liabilities as of December 31, 2024
- Statement of Income for the year ended December 31, 2024
- Capital & Surplus Account for the year ended December 31, 2024
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2020 to December 31, 2024

Statement of Assets and Liabilities
As of December 31, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 30,480,484	\$ -	\$ 30,480,484
Cash	(919,296)	-	(919,296)
Cash equivalents	11,368,612	-	11,368,612
Short-term investments	-	-	-
Subtotals, cash and invested assets	<u>\$ 40,929,800</u>	<u>\$ -</u>	<u>\$ 40,929,800</u>
Investment income due and accrued	173,469	-	173,469
Uncollected premiums and agents' balances in the course of collection	42,240,082	14,334,412	27,905,670
Deferred premiums; agents' balances and installments booked but deferred and not yet due	30,246,392	145,767	30,100,625
Amounts recoverable from reinsurers	37,753,125	-	37,753,125
Net deferred tax assets	3,254,134	1,402,491	1,851,643
Receivables from parent, subsidiaries and affiliates	7,245,969	-	7,245,969
Aggregate write-ins for other than invested assets:			
Advances under affiliated quota share agreement	7,630,180	-	7,630,180
Accounts receivable and other	3,154,833	-	3,154,833
Guarantee fund surcharge	1,734,950	-	1,734,950
Recoverable deductibles	954,207	219,872	734,335
Equities and deposits in pools and associations	4,635	-	4,635
Total	<u>\$ 175,321,776</u>	<u>\$ 16,102,542</u>	<u>\$ 159,219,234</u>

Everest Denali Insurance Company

Losses	\$ -
Reinsurance payable on paid losses and loss adjustment expenses	-
Loss adjustment expenses	-
Commissions payable; contingent commissions and other similar charges	4,314,106
Other expenses (excluding taxes, licenses and fees)	2,246,959
Taxes, licenses and fees (excluding foreign income taxes)	851,824
Current federal and foreign income taxes	66,257
Ceded reinsurance premiums payable (net of ceding commissions)	121,815,532
Amounts withheld or retained by company for account of others	3,234,745
Remittances and items not allocated	6,234,271
Payable to parent, subsidiaries and affiliates	1,038,986
Aggregate write-ins for liabilities:	
Surcharge payable	886,360
Accounts payable other	140,000
Total Liabilities	<u>\$ 140,829,040</u>
Common capital stock	\$ 12,500,000
Gross paid in and contributed surplus	12,500,000
Unassigned funds (surplus)	<u>(6,609,806)</u>
Surplus as regards policyholders	<u>\$ 18,390,194</u>
Total	<u><u>\$ 159,219,234</u></u>

Statement of Income
For the Year Ended December 31, 2024

Premiums earned	\$ -
Losses incurred	-
Loss adjustment expenses incurred	-
Other underwriting expenses incurred	7,251
Total underwriting deductions	<u>\$ 7,251</u>
Net underwriting gain (loss)	<u>\$ (7,251)</u>
Net investment income earned	1,829,795
Net realized capital gains	6
Net investment gain (loss)	<u>\$ 1,829,801</u>
Finance and service charges not included in premiums	13,617
Aggregate write-ins for miscellaneous income:	
Other expense	(13,070)
Foreign exchange loss	(3,374)
Total other income	<u>\$ (2,827)</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 1,819,723</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	\$ 1,819,723
Federal and foreign income taxes incurred	542,785
Net Income	<u><u>\$ 1,276,938</u></u>

Capital & Surplus Account
For the Year Ended December 31, 2024

Surplus as regards policyholders; December 31, 2023	\$ 16,258,838
Net Income	1,276,938
Change in net unrealized capital gains (losses)	-
Change in net unrealized foreign exchange capital gains (losses)	-
Change in net deferred income tax	194,093
Change in nonadmitted assets	660,325
Change in provision for reinsurance	-
Surplus adjustment: Paid in	-
Transfer to capital (stock dividend)	-
Dividends to stockholders	-
Aggregate write-ins for gains and losses in surplus	-
Net change in capital and surplus for the year	<u>\$ 2,131,356</u>
Capital and surplus; December 31, 2024	<u><u>\$ 18,390,194</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2020 to December 31, 2024

	Common Capital Stock	Gross Paid-in and Contributed Surplus	Unassigned Surplus		Total
12/31/2020	\$ 12,500,000	\$ 12,500,000	\$ 1,679,444		\$ 26,679,444
12/31/2021			662,305	(1)	662,305
12/31/2021			234,292	(2)	234,292
12/31/2021			(1,094,676)	(3)	(1,094,676)
12/31/2022			631,087	(1)	631,087
12/31/2022			1,924,158	(2)	1,924,158
12/31/2022			(11,431,148)	(3)	(11,431,148)
12/31/2023			737,955	(1)	737,955
12/31/2023			527,459	(2)	527,459
12/31/2023			(2,612,038)	(3)	(2,612,038)
12/31/2024			1,276,938	(1)	1,276,938
12/31/2024			194,093	(2)	194,093
12/31/2024			660,325	(3)	660,325
	<u>\$ 12,500,000</u>	<u>\$ 12,500,000</u>	<u>\$ (6,609,806)</u>		<u>\$ 18,390,194</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 nonadmitted assets, Change in provision for reinsurance

(3) Aggregate write-ins for gains and losses in surplus (includes Translation adjustments, Net adjustment in assets/liabilities due to foreign exchange, and Minimum pension adjustment)

(4) Surplus adjustment – Paid In

(5) Dividends to stockholder

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

There were no comments on Financial Statement items.

SUBSEQUENT EVENTS

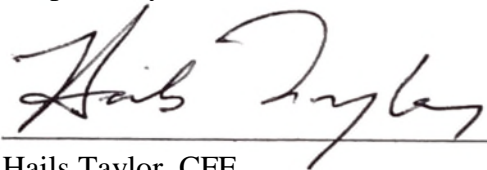
There were no significant subsequent events noted from the examination.

SUMMARY OF RECOMMENDATIONS

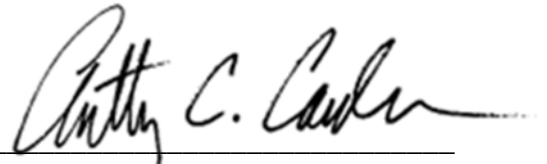
There were no recommendations as a result of this examination.

The assistance and cooperation of examiners representing the states on the coordinated examination is acknowledged. In addition, the assistance of the consulting actuarial firm, INS Consultants, Inc., the consulting information systems specialist firm, INS Services, Inc., the Company's outside audit firm, KPMG, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



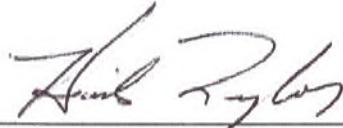
Hails Taylor, CFE
Examiner In-Charge
Delaware Department of Insurance



Anthony Cardone, CFE
Supervising Examiner
Delaware Department of Insurance

Everest Denali Insurance Company

I, Hails 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. 25.018.

A handwritten signature in black ink, appearing to read "Hails Taylor", is written above a horizontal line.

Hails Taylor, CFE