

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

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
EVEREST NATIONAL 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. 25.015, dated February 24, 2025, an examination has been made of the affairs, financial condition and management of

EVEREST NATIONAL INSURANCE COMPANY

hereinafter referred to as the Company or ENIC. 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 Denali Insurance Company (EDIC), 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

On November 12, 1985, under the laws of the state of Arizona, the Company was incorporated as Dryden Guaranty Insurance Company (Dryden), a wholly owned stock property and casualty insurance subsidiary of PRUCO, Inc., which was a wholly owned subsidiary of The Prudential Insurance Company of America (Prudential), the ultimate parent in the holding company system at that time. As Dryden, the Company received its first Certificate of Authority and commenced business on December 31, 1985. On June 13, 1991, the Company's name was changed to Prudential National Insurance Company.

Effective October 6, 1995, as a result of an initial public offering of Prudential Reinsurance Holdings, Inc., the Company ceased to be a member of the Prudential insurance holding company

system. The Company was subsequently acquired by EG, a Bermuda company, and effective June 17, 1996, the Company's current name was adopted. With the approval of the Arizona and Delaware Departments of Insurance, the Company re-domesticated from Arizona to Delaware effective November 30, 2005.

Capitalization

The Company is authorized to issue 200,000 shares of common capital stock with a par value of \$50 per share. Currently, 100,000 common shares are issued and held by ERC, resulting in common capital stock of \$5,000,000. The Company's gross paid in and contributed surplus increased \$100,537,030 during the examination period from \$126,505,634 to \$227,042,661 as a result of paid in surplus each year of the examination period.

Dividends to Stockholder

During the period under examination, the Company did not declare any dividends to stockholders.

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, all corporate powers and its business property and affairs are managed by, or under the direction of its Board of Directors (Board). The bylaws provide that the Company's Board shall consist of a minimum of seven directors. The number of directors shall 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 their principal business affiliations 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:

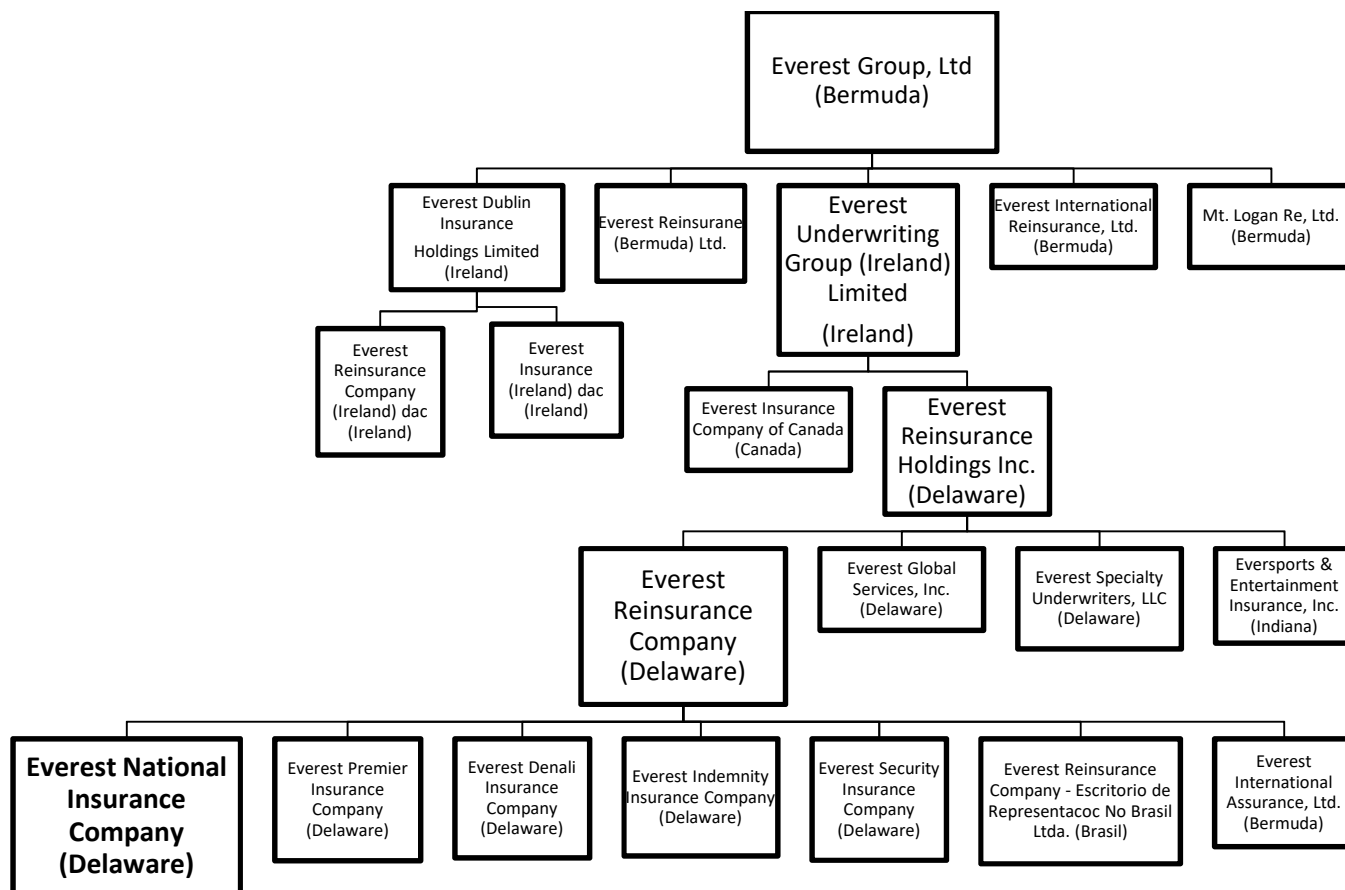
<u>Name</u>	<u>Title</u>
James Allan Williamson#	President & CEO
Sylvia Semerdjian	Senior VP & Secretary
Brian Lee Bedner	Senior VP & Treasurer
Robert Freiling	Senior VP, CFO & CAO
David Sean Harris	Senior VP & Chief Reserving Actuary
# New in 2024	

Corporate Records

Review of Company files indicated that written correspondence was submitted to the Department with regards 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, the attendance at Board meetings, the elections of directors and officers and the 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, 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.

Administrative Service Agreements

Effective September 18, 2014, the Company entered into a service agreement with Everest Insurance Company of Canada (Everest Canada). Under the terms of the agreement, the Company provides Everest Canada claims handling, reserving and claim payment authority as outlined in the EG disbursement and expense manual. The Company also provides Everest Canada with claim management expertise and oversight, guidance and direction for the following lines of business: Entertainment, Specialty Commercial and Professional/Management liability.

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.

Other Related Party Transactions

Effective March 1, 2000, ERC guarantees the Company's obligations reflected in all its insurance contracts, subject to an aggregate limit of \$75 million. As of September 2025, this guarantee was terminated.

Effective April 26, 2003, ERC agrees to take immediate action to restore the Company's policyholders' surplus if it falls below \$15 million, to at least \$15 million. As of September 2025, this guarantee was terminated.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in all fifty (50) states, the District of Columbia and Puerto Rico and underwrites property and casualty business through agency relationships with program administrators, along with its direct underwriting segments. The Company is also authorized to write property and casualty insurance on an admitted basis in the jurisdictions where it is licensed. The majority of the Company's business is reinsured by its direct parent, ERC.

As of December 31, 2024, the Company had twelve (12) active programs and twenty-one (21) underwriting segments in place, offering coverages that include: general liability, professional liability, workers' compensation, medical malpractice, commercial property, motor vehicle and non-standard auto. In 2024, 85.0% of the Company's direct premiums written were in the following four lines of business: other liability occurrence (34.1%), other liability claims-made (29.7%), commercial auto liability (13.3%) and workers' compensation (7.9%).

REINSURANCE

The Company reported the following distribution of premiums written for the years ended December 31, 2024, and the prior examination date of December 31, 2020:

Everest National Insurance Company

	2024	% GPW	2020	% GPW
Direct Business	\$ 1,223,320,776	68.3%	\$ 1,087,847,987	83.5%
Reinsurance assumed from affiliates	547,481,645	30.6%	202,970,982	15.6%
Reinsurance assumed from non-affiliates	19,987,645	1.1%	11,390,165	0.9%
Gross Premiums Written	<u>\$ 1,790,790,066</u>	<u>100.0%</u>	<u>\$ 1,302,209,134</u>	<u>100.0%</u>
Reinsurance ceded to affiliates	1,763,667,138	98.5%	1,280,671,932	98.3%
Reinsurance ceded to non-affiliates	27,122,928	1.5%	21,537,202	1.7%
Total Ceded Premium	<u>\$ 1,790,790,066</u>	<u>100.0%</u>	<u>\$ 1,302,209,134</u>	<u>100.0%</u>
Net Premiums Written	<u>\$ -</u>	<u>0.0%</u>	<u>\$ -</u>	<u>0.0%</u>

Assumed Reinsurance – Affiliates

The Company assumes business from ERC under a 75% whole account reinsurance agreement. The agreement covers all new and renewal business classified as Canadian Property and Casualty Business with a limit of liability for any one occurrence not to exceed \$300 million and for all losses in the aggregate not to exceed \$468,750,000 during the agreement year. Premium assumed under this agreement in 2024 was \$547,482,000.

Assumed Reinsurance – Non-Affiliates

Business assumed from non-affiliates in 2024 totaled \$19,988,000, with approximately \$15,326,000 assumed from external reinsurers and \$4,661,000 assumed from pools and associations.

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 Company and its U.S. statutory affiliates (Pool Companies), with the Company ceding 100% of its 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 the Company has 0% participation in the pooling transaction. The amendment effective January 1, 2017, added EDIC

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 \$1,763,667,000.

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 only amounted to \$27,123,000 with \$13,643,000 pertaining to other liability – occurrence and \$11,506,000 pertaining to commercial auto liability reinsurance. These two lines accounted for 92.7% of all unaffiliated ceded reinsurance premiums.

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	\$ 811,925,401	\$ -	\$ 811,925,401
Cash	568,752	-	568,752
Cash equivalents	151,498,344	-	151,498,344
Short-term investments	5,565,205	-	5,565,205
Other invested Assets	6,883,186	-	6,883,186
Receivables for securities	110,094	-	110,094
Subtotals, cash and invested assets	<u>\$ 976,550,982</u>	<u>\$ -</u>	<u>\$ 976,550,982</u>
Investment income due and accrued	5,009,995	-	5,009,995
Uncollected premiums and agents' balances in the course of collection	94,055,607	24,253,834	69,801,773
Deferred premiums; agents' balances and installments booked but deferred and not yet due	175,401,533	911,924	174,489,609
Amounts recoverable from reinsurers	351,490,618	-	351,490,618
Net deferred tax assets	97,055,913	66,202,569	30,853,344
Furniture and equipment, including health care delivery assets	77,891	77,891	-
Receivables from parent, subsidiaries and affiliates	8,439,027	-	8,439,027
Aggregate write-ins for other than invested assets:			
Advances under affiliated quota share agreement	38,166,993	-	38,166,993
Accounts receivable and other	14,244,680	-	14,244,680
Recoverable deductibles	9,585,128	2,128,478	7,456,650
Guarantee fund surcharge	6,607,628	-	6,607,628
Equities and deposits in pools and associations	81,642	-	81,642
Prepaid expenses	731,150	731,150	-
Total	<u>\$ 1,777,498,787</u>	<u>\$ 94,305,846</u>	<u>\$ 1,683,192,941</u>

Losses	\$ -
Reinsurance payable on paid losses and loss adjustment expenses	49,787,389
Loss adjustment expenses	-
Commissions payable; contingent commissions and other similar charges	9,288,785
Other expenses (excluding taxes, licenses and fees)	32,256,230
Taxes, licenses and fees (excluding foreign income taxes)	5,283,889
Current federal and foreign income taxes	63,285,121
Ceded reinsurance premiums payable (net of ceding commissions)	581,256,087
Funds held by company under reinsurance treaties	564,807,161
Amounts withheld or retained by company for account of others	1,645,773
Remittances and items not allocated	5,763,132
Provision for reinsurance	12,600
Payable to parent, subsidiaries and affiliates	64,282,832
Aggregate write-ins for liabilities:	
Collateral held	9,010,206
Accounts payable other	2,796,066
Surcharge payable	1,417,461
Uncashed checks/drafts pending escheatment	226,013
Total liabilities	<u>\$ 1,391,118,745</u>
Common capital stock	\$ 5,000,000
Gross paid in and contributed surplus	227,042,661
Unassigned funds (surplus)	<u>60,031,535</u>
Surplus as regards policyholders	<u>\$ 292,074,196</u>
Totals	<u><u>\$ 1,683,192,941</u></u>

Statement of Income
For the Year Ended December 31, 2024

Premiums earned	\$ -
Losses incurred	\$ -
Loss adjustment expenses incurred	-
Other underwriting expenses incurred	996,704
Total underwriting deductions	<u>\$ 996,704</u>
Net underwriting gain (loss)	<u>\$ (996,704)</u>
Net investment income earned	30,357,170
Net realized capital gains	(2,391,225)
Net investment gain (loss)	<u>\$ 27,965,945</u>
Finance and service charges not included in premiums	299,407
Aggregate write-ins for miscellaneous income:	
Foreign exchange loss	20,136,035
Other expense	(203,204)
Total other income	<u>\$ 20,232,238</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 47,201,479</u>
Dividends to policyholders	-
Net Income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 47,201,479</u>
Federal and foreign income taxes incurred	25,083,116
Net Income	<u><u>\$ 22,118,363</u></u>

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

Surplus as regards policyholders; December 31, 2023	\$ 204,773,860
Net Income	22,118,363
Change in net unrealized capital gains (losses)	
Change in net unrealized foreign exchange capital gains (losses)	(46,152,634)
Change in net deferred income tax	16,404,849
Change in nonadmitted assets	(5,237,626)
Change in provision for reinsurance	15,400
Surplus adjustment: Paid in	100,151,984
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>\$ 87,300,336</u>
Capital and surplus; December 31, 2024	<u>\$ 292,074,196</u>

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

	Gross Paid-in and Contributed Surplus	Common Capital Stock	Unassigned surplus		Total
12/31/2020	\$ 126,505,634	\$ 5,000,000	\$ 64,273,841		\$ 195,779,475
12/31/2021	124,832		-	(1)	124,832
12/31/2021			9,829,120	(2)	9,829,120
12/31/2021			(4,018,358)	(3)	(4,018,358)
12/31/2021			(645,011)	(4)	(645,011)
12/31/2021			222,799	(5)	222,799
12/31/2021			(464,200)	(6)	(464,200)
12/31/2022	129,154		-	(1)	129,154
12/31/2022			27,820,729	(2)	27,820,729
12/31/2022			(22,825,360)	(3)	(22,825,360)
12/31/2022			3,395,502	(4)	3,395,502
12/31/2022			(4,971,392)	(5)	(4,971,392)
12/31/2022			565,800	(6)	565,800
12/31/2023	131,060		-	(1)	131,060
12/31/2023			(51,536,650)	(2)	(51,536,650)
12/31/2023			17,563,361	(3)	17,563,361
12/31/2023			67,433,387	(4)	67,433,387
12/31/2023			(33,733,188)	(5)	(33,733,188)
12/31/2023			(27,200)	(6)	(27,200)
12/31/2024	100,151,984		-	(1)	100,151,984
12/31/2024			22,118,363	(2)	22,118,363
12/31/2024			(46,152,634)	(3)	(46,152,634)
12/31/2024			16,404,849	(4)	16,404,849
12/31/2024			(5,237,626)	(5)	(5,237,626)
12/31/2024			15,400	(6)	15,400
	<u>\$ 227,042,664</u>	<u>\$ 5,000,000</u>	<u>\$ 60,031,532</u>		<u>\$ 292,074,196</u>

(1) Change in Gross paid-in and contributed Surplus

(2) Represents Net Income

(3) Change in Foreign Exchange

(4) Change in Net Deferred Income Tax

(5) Change in Non-Admitted Assets

(6) Change in Provision for Reinsurance

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

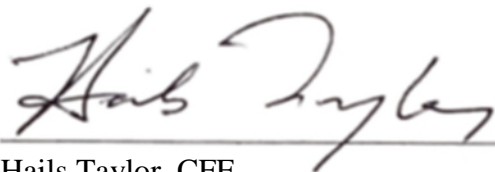
There were no significant subsequent events noted from the examination.

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

Anthony Cardone, CFE and CPA
Supervising Examiner
Delaware Department of Insurance

Everest National Insurance Company

I, Hails Taylor, CFE, 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. 25.015.

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

Hails Taylor, CFE