

EXAMINATION REPORT
OF
VANTAGE RISK SPECIALTY INSURANCE COMPANY
AS OF
DECEMBER 31, 2024

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
VANTAGE RISK SPECIALTY 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 2 day of June, 2026

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May 28, 2026

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. 25.032, dated February 24, 2025, an examination has been made of the affairs, financial condition and management of

VANTAGE RISK SPECIALTY INSURANCE COMPANY

hereinafter referred to as the Company or VRSIC. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 251 Little Falls Drive, Wilmington, Delaware 19808. The administrative offices of the Company are located at 123 North Wacker Drive, Suite 1300, Chicago, Illinois 60606.

SCOPE OF EXAMINATION

We have performed our examination of VRSIC. The last examination was conducted as of December 31, 2019, by the Illinois Department of Insurance and covered the period of October 4, 2017 through December 31, 2019. This examination covers the period January 1, 2020 through December 31, 2024 and was conducted by the Delaware Department of Insurance (Department). The examination was conducted concurrently with that of the Company's Delaware domiciled affiliate Vantage Risk Assurance Company (VRAC).

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 (PwC). Certain auditor work papers of the 2024 PwC audit of the Company, and certain of its affiliates, have been incorporated into the work papers of the examiners. The work papers were 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 originally incorporated as Crystal Ridge Specialty Insurance Company on October 4, 2017, under the laws of the State of Illinois. The Company was acquired by Vantage Risk Holdings Corporation (VRHC) on June 1, 2021, and was renamed to VRSIC effective July 2, 2021. The Company redomiciled to Delaware as of November 30, 2022. The Company merged with Vantage Risk Insurance Company (VRIC), an affiliated entity, and was the surviving entity effective April 1, 2023. The transaction was accounted for as a statutory merger and no stock was issued in this transaction.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of 150,000 shares of common stock with a \$100 par value. As of December 31, 2024, the Company had 50,000 common shares issued and outstanding totaling \$5,000,000. All outstanding common shares of the Company are owned by VRHC. As of December 31, 2024, the Company reported capital and surplus of \$186,755,207, including gross paid in and contributed surplus of \$206,693,258.

Dividends

The Company's Board of Directors (Board) did not approve or authorize any dividends during the exam period.

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, the business and affairs of the Company shall be managed under the direction of the Board. The number of directors constituting the Board shall not be less than three nor more than fifteen as may be fixed or changed from time to time by the shareholders or the Board.

Further, the directors shall be elected at the annual meeting of the shareholders and holds office until the next annual election or upon such director's death, resignation, or removal.

Directors duly elected and serving as of December 31, 2024, were as follows:

<u>Name</u>	<u>Title</u>
Gregory Scott Hendrick	President & Chief Executive Officer
Bobbi Overleese Anderson	General Counsel & Secretary
Sean Edward Quigley	Chief Financial Officer & Assistant Treasurer
Kelly Therese Smith	Independent Director
Sally Ann Thurston	Independent Director

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a President, Secretary and Treasurer. Any number of offices may be held by the same person. The primary officers serving as of December 31, 2024, were as follows:

<u>Name</u>	<u>Title</u>
Gregory Scott Hendrick	President & Chief Executive Officer
Bobbi Overleese Anderson	General Counsel & Secretary
Sean Edward Quigley	Chief Financial Officer & Assistant Treasurer

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

Insurance Holding Company System

The Company is a member of an insurance holding company system known as Vantage Group defined under 18 *Del. C.* § 5001 (7) of the Delaware Insurance Code. The Company is a wholly owned subsidiary of VRHC, a Delaware domiciled holding company. VRHC is a wholly owned subsidiary of Vantage Group Holdings, Ltd. (VGHL), a privately held Bermuda exempted company. As of December 31, 2024, VGHL is majority owned by funds managed by The Carlyle Group, Inc., and Hellman & Friedman LLC.

An abbreviated organizational chart of the Vantage Group holding company system as of December 31, 2024, is as follows (ownership of subsidiaries is 100% unless otherwise noted):

<u>Company</u>	<u>Domicile</u>
Vantage Group Holdings Ltd. ⁽¹⁾	Bermuda
Vantage Risk Ltd.	Bermuda
Advantage Capital Advisors Ltd.	Bermuda
Vantage Risk Holdings Corporation	Delaware
Vantage Risk Assurance Company	Delaware
Vantage Risk Specialty Insurance Company	Delaware
Vantage Risk Insurance Services Corporation	Delaware
Vantage Services LLC	Delaware

(1) H&F Vantage Aggregator, L.P. and Carlyle Partners VII Cayman Holdings V, L.P. each own approximately 48% of securities of VGHL.

Agreements with Affiliates

The following affiliated agreements within Vantage Group's organizational structure were identified and in effect as of December 31, 2024.

Administrative Services Agreement

Effective May 5, 2021, as amended June 24, 2021 and January 1, 2022, there is an Administrative Services Agreement by and among Vantage Services LLC (Vantage Services), VRAC and VRSIC. Pursuant to the agreement, Vantage Services (a) provides general administrative and support services to VRAC and VRSIC, including financial, accounting, actuarial, tax, legal, compliance, risk management and technology services and (b) makes available to VRAC and VRSIC one or more employees of Vantage Services to perform, on behalf of VRAC and VRSIC (and not on behalf of Vantage Services), services with respect to the production or underwriting of VRAC's and VRSIC's insurance business and/or the handling of insurance or reinsurance claims, subject to compliance with any requirements under applicable laws or regulations.

Consolidated Tax Allocation Agreement

Effective October 18, 2021, VRSIC entered into a consolidated Tax Allocation Agreement by and among VRHC and each of its direct and indirect subsidiaries. Pursuant to the agreement, VRHC will prepare and file a consolidated federal income tax return on behalf of all parties to the agreement. VRHC will allocate the federal income tax liability to each subsidiary as though such subsidiary were not a member of the consolidated group, with such subsidiary paying VRHC for such subsidiary's allocated share of federal tax liability or receiving reimbursement (or offsetting future amounts owed) for its separate tax attributes, including credits and losses utilized in the consolidated federal income tax return.

Wholesale Surplus Lines Broker and Limited Binding Authority Agreement

Effective November 3, 2022, VRSIC entered into the Wholesale Surplus Lines Broker and Limited Binding Authority Agreement with Vantage Risk Insurance Services Corporation (VRISC). Pursuant to the agreement, VRSIC authorizes VRISC to act as a wholesale surplus lines broker on behalf of VRSIC, including marketing and presenting proposals of insurance to licensed surplus lines broker and binding insurance within the guidelines established by VRSIC. VRSIC pays all direct and directly allocable expenses and allocated overhead of VRISC related to the provision of services to VRSIC.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2024, the Company is licensed and/or authorized to transact business in all 50 states, the District of Columbia and Puerto Rico.

The Company writes on an excess and surplus lines basis for the following lines of business: fire, allied lines, commercial multi-peril, ocean marine, inland marine, medical professional liability – claims-made, earthquake, other liability (occurrence and claims-made), products liability (occurrence and claims-made), other commercial auto liability, boiler and machinery, credit, US political risk & credit and US construction SDI. The Company also writes business through four program managers with delegated underwriting authority. Insurance policies are customized for complex corporate risks and are distributed through a wide variety of local, national, and international producers.

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, 2019:

	2024	2019
Direct business	\$ 610,322,580	\$ -
Reinsurance assumed (from affiliates)	-	-
Reinsurance assumed (from non-affiliates)	96,236,666	-
Gross direct and assumed business	\$ 706,559,246	\$ -
Reinsurance ceded (to affiliates)	\$ 199,151,050	\$ -
Reinsurance ceded (to non-affiliates)	309,585,288	-
Gross ceded business	\$ 508,736,338	\$ -
Net premiums written	\$ 197,822,908	\$ -

Assumed Reinsurance – Affiliates

The Company does not assume any reinsurance from affiliates.

Assumed Reinsurance – Non-Affiliates

The Company only wrote assumed facultative reinsurance to non-affiliates during the examination period. As such, the Company was able to underwrite each underlying reinsured risk as the reinsurance incepts. Information received was typically similar to what the Company would receive as a direct insurer. Monitoring of this reinsurance is performed on the underlying risks in a manner similar to the direct portfolio. Reporting is also viewed similarly to direct insurance and deviations from expectations are handled similarly to direct insurance through reviews of the underlying risks.

Ceded Reinsurance – Affiliates

The Company entered into a Quota Share Reinsurance Agreement with VRAC effective July 1, 2023. Pursuant to the agreement, VRSIC cedes and VRAC assumes, 50% share of VRSIC's net liability under each policy written, renewed or assumed during the term of the contract. VRSIC pays to VRAC 50% of the gross written premium of the covered policies less a pro rata share of premiums for inuring reinsurance. VRAC pays a ceding commission equal to the sum of the 50% of VRSIC's operating and acquisition costs plus 2% of all gross written premium ceded to VRAC

under the contract. The largest net aggregate risk limit bound in VRSIC and subject to this contract was \$10 million therefore no more than a \$5 million limit was assumed by VRAC from VRSIC. The quota share reinsurance agreement did not increase or decrease the surplus of VRSIC or VRAC at inception, but freed up capacity at VRSIC, enabling VRSIC to underwrite more business on a surplus lines basis. VRAC, which in 2023 had excess capacity while it worked to build out its suite of filed insurance products, benefited from the assumed insurance premium.

Effective December 1, 2023, the Company is a party to a Reinsurance Allocation Agreement with VRAC and Vantage Risk Ltd. Pursuant to the agreement, the parties agree to the methodology for apportioning premium and recoverables under multi-cedant reinsurance agreements in a fair and equitable manner.

Ceded Reinsurance – Non-Affiliates

The Company purchases reinsurance to increase capacity and to limit the impact of individual losses and events on its underwriting results by reinsuring certain levels of risk with other insurance enterprises or reinsurers. The Company uses pro rata, excess of loss and facultative reinsurance contracts. The premiums paid to reinsurers (i.e., ceded premiums written) are recognized over the coverage period. Ceded reinsurance contracts do not relieve the Company of its primary obligation to its insureds.

The Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk arising from its exposure to individual reinsurers. The reinsurance program is generally placed with reinsurers whose rating, at the time of placement, was A- or better (or the equivalent) as rated by one or more nationally recognized statistical rating organizations or providing reinsurance on a collateralized basis. Exposure to a single reinsurer is also controlled with restrictions dependent on rating.

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, 2024
- Statement of Liabilities, Surplus and Other Funds as of December 31, 2024
- Statement of Income for the Year Ended December 31, 2024
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2019 to December 31, 2024

Statement of Assets
As of December 31, 2024

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 510,738,416	\$ -	\$ 510,738,416
Cash	14,824,703	-	14,824,703
Cash equivalents	91,872,152	-	91,872,152
Receivables for securities	122,130	-	122,130
Subtotals, cash and invested assets	<u>\$ 617,557,402</u>	<u>\$ -</u>	<u>\$ 617,557,402</u>
Investment income due and accrued	4,258,029	-	4,258,029
Uncollected premiums and agents' balances in the course of collection	90,708,383	951,027	89,757,356
installments booked but deferred and not yet due	165,287,473	2,311,376	162,976,098
Amounts recoverable from reinsurers	4,076,759	-	4,076,759
Receivables from parent, subsidiaries and affiliates	9,839,946	-	9,839,946
Aggregate write-ins for other-than-invested assets	4,144,415	-	4,144,415
Total	<u>\$ 895,872,407</u>	<u>\$ 3,262,403</u>	<u>\$ 892,610,004</u>

Statement of Liabilities, Surplus and Other Funds
As of December 31, 2024

		Notes
Losses	\$ 172,687,989	(1)
Reinsurance payable on paid losses and loss adjustment expenses	7,213	
Loss adjustment expenses	48,779,540	(1)
Commissions payable, contingent commissions and other similar charges	598,016	
Other expenses (excluding taxes, licenses and fees)	9,454,890	
Current federal and foreign income taxes	326,433	
Unearned premiums	174,043,346	
Ceded reinsurance premiums payable (net of ceding commissions)	222,977,193	
Funds held by company under reinsurance treaties	23,608,100	
Provision for reinsurance	74,971	
Payable to parent, subsidiaries and affiliates	18,192,909	
Aggregate write-ins for liabilities	35,104,199	
Total liabilities	\$ 705,854,797	
Common capital stock	\$ 5,000,000	
Gross paid in and contributed surplus	206,693,258	
Unassigned funds (surplus)	(24,938,051)	
Surplus as regards policyholders	\$ 186,755,207	
Totals	\$ 892,610,004	

Statement of Income
For the Year Ended December 31, 2024

Premiums earned	\$	150,067,038
Losses incurred	\$	87,422,787
Loss adjustment expenses incurred		18,523,655
Other underwriting expenses incurred		76,751,392
Total underwriting deductions	\$	<u>182,697,834</u>
Net underwriting gain (loss)	\$	<u>(32,630,796)</u>
Net investment income earned	\$	22,215,853
Net realized capital gains (losses)		<u>(330,262)</u>
Net investment gain (loss)	\$	<u>21,885,591</u>
Aggregate write-ins for miscellaneous income	\$	<u>(3,581,812)</u>
Total other income	\$	<u>(3,581,812)</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$	<u>(14,327,017)</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	\$	(14,327,017)
Federal and foreign income taxes incurred		274,703
Net Income	\$	<u><u>(14,601,720)</u></u>

**Reconciliation of Capital and Surplus
For the Period from the Prior Examination
December 31, 2019 to December 31, 2024**

	Common Capital Stock	Gross Paid in & Contributed Surplus	Unassigned Funds (Surplus)	Total
December 31, 2019	\$ 5,000,000	\$ 10,250,000	\$ 451,564	\$ 15,701,564
2020 Net income	-	-	301,327	301,327
Balance at December 31, 2020	<u>\$ 5,000,000</u>	<u>\$ 10,250,000</u>	<u>\$ 752,891</u>	<u>\$ 16,002,891</u>
2021 Net income			(7,321,236)	(7,321,236)
2021 Other Changes ¹			(7,724)	(7,724)
2021 Paid In Surplus ²		85,000,000	-	85,000,000
Balance at December 31, 2021	<u>\$ 5,000,000</u>	<u>\$ 95,250,000</u>	<u>\$ (6,576,069)</u>	<u>\$ 93,673,931</u>
2022 Net income			(18,184,214)	(18,184,214)
2022 Other Changes ¹			(7,935,235)	(7,935,235)
2022 Paid In Surplus ²		43,733,258	-	43,733,258
Balance at December 31, 2022	<u>\$ 5,000,000</u>	<u>\$ 138,983,258</u>	<u>\$ (32,695,519)</u>	<u>\$ 111,287,740</u>
2023 Net income			20,449,932	20,449,932
2023 Other Changes ¹			1,426,113	1,426,113
2023 VRIC Merger ³		30,210,000	(2,631,776)	27,578,224
Balance at December 31, 2023	<u>\$ 5,000,000</u>	<u>\$ 169,193,258</u>	<u>\$ (13,451,248)</u>	<u>\$ 160,742,009</u>
2024 Net income			(14,601,720)	(14,601,720)
2024 Other Changes ¹			3,114,919	3,114,919
2024 Paid In Surplus ²		37,500,000	-	37,500,000
Balance at December 31, 2024	<u>\$ 5,000,000</u>	<u>\$ 206,693,258</u>	<u>\$ (24,938,051)</u>	<u>\$ 186,755,207</u>

(1) Changes include: net unrealized capital gains or (losses), nonadmitted assets, and/or provision for reinsurance.

(2) VRHC contributed \$85,000,000, \$43,733,258 and \$37,500,000 in additional paid in surplus in the years 2021, 2022 and 2024, respectively.

(3) Per 2023 Annual Statement Note 3 - Business Combinations and Goodwill - VRSIC merged with VRIC on April 1, 2023. Pre-merger separate company Net Income (NI) and total surplus for the quarter ended March 31, 2023 was (685,378) and \$26,892,845, respectively for VRIC. The surplus reported plus the net loss is equal to \$27,578,224 indicating the NI for VRIC and VRSIC were combined and the difference is the combined total surplus of both entities.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENT 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	\$172,687,989
Loss Adjustment Expenses	\$48,779,540

The examination liability for the aforementioned captioned items are the same as reported by the Company as of December 31, 2024. 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 Principles and Procedures Manual, Statement of Statutory Account Principle No. 55 *Unpaid Claims, Losses and Loss Adjustment Expenses* (SSAP No. 55).

SUBSEQUENT EVENTS

Subsequent events were evaluated through the date that this examination report was available to be issued. Based on this evaluation, the following transactions were deemed material for disclosure in this examination report.

Quota Share Reinsurance Agreement Termination

Effective January 1, 2026, the Quota Share Reinsurance Agreement with VRAC, originally effective July 1, 2023 was terminated on a run-off basis.

Change in Officer Title

Effective May 26, 2026, Sean Quigley's title was changed to Chief Financial Officer, Treasurer and Director of the Company.

SUMMARY OF RECOMMENDATIONS

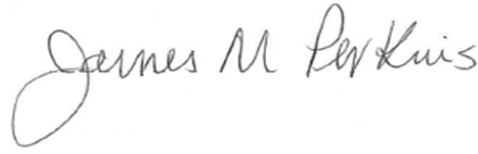
There were no recommendations as a result of this examination.

The assistance of the consulting actuarial firm, INS Consultants, Inc., the Company's outside audit firm, PwC and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



Nicholas O'Dell, CPA, CFE
Examiner-In-Charge
State of Delaware



James M. Perkins, CFE
Supervisory Insurance Examiner
State of Delaware

I, Nicholas O'Dell, hereby verify and attest, under penalty of perjury, that the above is true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 25.032.

A handwritten signature in black ink, appearing to read "Nicholas R. O'Dell", written in a cursive style.

Nicholas O'Dell, CPA, CFE