

EXAMINATION REPORT
OF
MARKEL GLOBAL REINSURANCE COMPANY
AS OF
DECEMBER 31, 2020

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
MARKEL GLOBAL REINSURANCE COMPANY
AS OF
DECEMBER 31, 2020

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 9th day of May, 2022

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March 15, 2022

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. 21.004, dated January 6, 2021, an examination has been made of the affairs, financial condition and management of

MARKEL GLOBAL REINSURANCE COMPANY

hereinafter referred to as MGRC or the Company. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1209 Orange Street, Wilmington, Delaware 19801. The administrative offices of the Company are located at 535 Springfield Avenue, Summit, New Jersey 07901. The examination was conducted remotely given office closures and travel restrictions in connection with the COVID-19 pandemic. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our multi-state examination of MGRC. The last examination was conducted as of December 31, 2015, by the Delaware Department of Insurance (Department). This examination covered the period of January 1, 2016 through December 31, 2020. Our examination was performed as part of the coordinated examination of Markel Corporation (Markel) group of

regulated entities, wherein the State of Illinois Insurance Department is the lead state and Delaware is a participating state. 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 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 Laws* 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 work papers for KPMG's 2020 audit of the Company and certain of its affiliates 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 the Company's Financial Statements as a result of this examination.

COMPANY HISTORY

The Company was incorporated in Connecticut on April 21, 1997, as Quadrant Indemnity Company and commenced business on September 17, 1997, under the laws of the State of Connecticut. The Company was a wholly owned subsidiary of Executive Risk Indemnity, Inc. which was wholly owned by Federal Insurance Company (Federal). Federal was wholly owned by The Chubb Corporation (Chubb).

Harbor Point Limited, a holding company organized under the laws of Bermuda on October 24, 2005, acquired the continuing operations and certain assets of Chubb Re, Inc. (Chubb Re), the reinsurance assumed business unit of Chubb, effective December 15, 2005. These assets included the renewal rights to the in-force assumed reinsurance business underwritten, placed and serviced by Chubb Re on behalf of Federal, the principal operating subsidiary of Chubb.

On January 2, 2007, Alterra USA Holdings Limited completed the acquisition of all of the issued and outstanding capital stock of the Company from Chubb. Effective April 17, 2007, the name of the Company was changed to Harbor Point Reinsurance U.S., Inc. until it was renamed Alterra Reinsurance USA Inc. on August 11, 2010.

On May 1, 2013, Markel, a Virginia domiciled holding Company, became the ultimate controlling parent and sole shareholder of Alterra Capital Holdings Limited, a Bermuda exempt limited liability company and all of its subsidiaries including Alterra Excess and Surplus Insurance company, Alterra America Insurance Company and Alterra Reinsurance USA Inc. (subsequently renamed MGRC).

Capitalization

The Company's Certificate of Incorporation authorizes the issuance of 50,000 shares of common stock with a \$100.00 par value. As of December 31, 2020, the Company had 50,000 common shares issued and outstanding totaling \$5,000,000. All outstanding common shares of the Company are owned by Markel Insurance Company. As of December 31, 2020, the Company reported gross paid in and contributed surplus of \$712,769,365.

Dividends

The Company's Board of Directors (Board) did not approve, authorize or pay 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 property and affairs of the Company must be managed by or under the direction of its Board. There have been no changes to the Company bylaws during the period under review.

Directors duly elected and serving as of December 31, 2020, were as follows:

<u>Name</u>	<u>Title</u>
Bradley Kiscaden	President, Chief Administrative Officer, Markel
Robin Russo	Chief Underwriting Officer, Markel
Jed Rhoads	Chief Underwriting Officer, MGRC

Officers

Officers were elected in accordance with the bylaws during the period under examination.

The Company's bylaws state that the Company shall have such officers as are appointed from time to time by the Board of Directors.

The primary officers serving as of December 31, 2020, were as follows:

<u>Name</u>	<u>Title</u>
Jed Eliot Rhoads	President and Chief Underwriting Officer
Kathleen Anne Sturgeon	Secretary
April Lynn Duff	Treasurer
Robin Russo	Chairman of the Board
Bradley James Kiscaden	Senior Vice President
Stephen Edward Leitz	Vice President
Oscar Guerrero	Vice President
Brian Jeffrey Costanzo	Vice President and Chief Financial Officer
Richard Randolph Grinnan	Vice President and Assistant Secretary
Ryan William Lang	Assistant Secretary
Kelli Sue Plusch	Assistant Secretary
Karl Murray Strait	Assistant Secretary
Kristen Morrefield Williamson	Assistant Secretary

Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in accordance with 18 *Del. C.* § 1304. In addition, 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 Markel as defined under 18 *Del. C.* § 5001 of the Delaware Insurance Code. The Company is an indirect subsidiary of Markel. The following is an abbreviated organizational chart of the insurance holding company system as of December 31, 2020:

Markel Corporation

Markel Ventures, Inc. (100%)

Markel Service, Incorporated (100%)

Nephila Holdings, Ltd. (100%)

Essentia Insurance Company (MO 37915) (100%)

Evanston Insurance Company (IL 35378) (100%)

Markel Insurance Company (IL 38970) (100%)

Markel Global Reinsurance Company (DE 10829) (100%)

Markel American Insurance Company (VA 28932) (100%)

Markel Aspen, Inc.

FirstComp Insurance Company (NE 27626) (100%)

Markel Surety Holding Corporation

SureTec Insurance Company (TX 10916) (100%)

State National Companies, Inc.

SNC Financial LP, LLC (99%)

SNC Financial GP, LLC (1%)

T.B.A. Insurance Group Ltd (100%)

State National Intermediate Holdings, Inc. (100%)

State National Insurance Company, Inc. (TX 12831) (100%)

National Specialty Insurance Company (TX 22608) (100%)

Pinnacle National Insurance Company (TX 21296) (100%)

Superior Specialty Insurance Company (DE 16551) (100%)

United Specialty Insurance Company (DE 12537) (100%)

City National Ins. Company (TX 41335) (100%)

Independent Specialty Ins. Co. (DE 39640) (100%)

Agreements with Affiliates

The Company is party to agreements with its parents and affiliates as follows:

Intercompany Management Agreement

Effective January 1, 2015, MGRC entered into a Management Agreement with Markel Service, Incorporated (MSI), whereby MSI acts as the exclusive business and underwriting manager for MGRC. This Agreement replaces and terminates the two prior agreements with Alterra Specialty Services and Alterra Insurance USA Inc.

Investment Management Services Agreement

Effective June 3, 2013, MGRC entered into an Investment Advisory Agreement with Markel-Gayner Asset Management Corporation (Markel-Gayner). Markel-Gayner provides investment advisory services to the Company with respect to its debt and equity investment portfolio.

Intercompany Service Agreement

Effective June 3, 2013, the Company entered into a Service Agreement with MSI. MSI provides cash management services including investment and banking account management and administration services to the Company. As compensation for its services, MSI receives a fee equal to its expenses related to these services.

Tax Allocation Agreement

Effective June 3, 2013, MGRC became a party to the Tax Allocation Agreement among Markel and its affiliates which is a standard form tax allocation agreement that sets forth the basis on which those Markel entities joining in Markel's annual consolidated federal income tax returns are to share in the tax liabilities, losses, deductions, tax credits and other tax attributes associated with Markel's consolidated tax returns. The general rule applicable under this agreement is that each

entity's share of the consolidated federal income tax liability of the affiliated group is to be equal to the federal income tax liability it would incur had it filed a separate tax return.

External Agreements

In addition to the above intercompany agreements, the Company had the following external agreements in effect on December 31, 2020:

Custodial

The Company is party to a custodial agreement with The Bank of New York Mellon for the purpose of safekeeping invested assets. A review of the agreement showed that it contained necessary and required safeguards protecting the Company's investments being held by the custodian according to the guidelines of the NAIC Handbook.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2020, the Company is licensed in 43 states and the District of Columbia and an accredited Reinsurer in seven states.

Plan of Operation

MGRC operates in three segments, Casualty, Specialty and Property. Each segment provides treaty reinsurance to ceding companies in the United States and on a worldwide basis. Treaty reinsurance contracts are typically written on either a quota share or an excess of loss basis. Within the Casualty segment, the Company underwrites business where the principal exposures are to general casualty, medical malpractice, non-standard auto, workers' compensation and professional liability, which mainly includes directors' and officers' liability and errors and omissions risks. The product lines the Company underwrites within the Specialty segment include transactional liability, public entity, cyber and credit, which includes political risk, trade credit, surety and mortgage. The product lines that the Company writes in the Property segment are property per risk and property quota share.

REINSURANCE

The Company reported the following premiums written for the year ended December 31, 2020:

Direct business	\$0
Reinsurance assumed from affiliates	399,503,011
Reinsurance assumed from non-affiliates	780,808,570
Ceded to affiliates	0
Ceded to non-affiliates	36,642,427
Net premiums written	<u><u>\$1,143,669,154</u></u>

Assumed Reinsurance – Affiliates

The Company has a 25% Quota Share with Evanston Insurance Company on business assumed from other Markel companies.

Additionally, MGRC assumed business for specific programs written by the State National pool.

Assumed Reinsurance – Non-Affiliates

The Company operates as a reinsurance company and primarily assumes specialty and casualty business on an excess of loss and quota share basis through reinsurance brokers.

Ceded Reinsurance – Affiliates

The Company did not cede any business to affiliates.

Ceded Reinsurance – Non-Affiliates

Companies within Markel are protected from excess losses through various reinsurance facilities for which they are named participants. These facilities include an enterprise aggregate excess of loss (XOL) agreement, various Markel North America property catastrophe covers, global reinsurance property covers and a workers' compensation cover. On the casualty side, the Markel companies are covered under various agreements including enterprise casualty and cyber

liability, casualty mainframe, professional liability, surety, Burns and Wilcox (B&W) umbrella, personal umbrella, Global Re public entity, MINT Fine Arts and MINT Trade Credit. The following contracts were deemed significant to the coverage of the Company:

Enterprise Aggregate Excess of Loss

Effective January 1, 2020, coverage under the aggregate XOL is provided under two layers, which are net after all inuring reinsurance. The original structure was \$300 million excess \$200 million for the first layer and \$100 million excess \$500 million for the second layer. There is a \$10 million per occurrence deductible in place and both layers were 100% placed. Effective July 1, 2020, the attachment point for the first layer was lowered from \$200 million to \$174.75 million.

Business covered under this agreement includes policies underwritten by or on behalf of Markel Assurance, Markel Specialty, Markel International (as respects “Canadian Cross Border” business underwritten in the United States), State National Companies, Hagerty Insurance Agency, LLC and Hagerty Classic Marine Insurance Agency, LLC and business classified as: Property, Ocean Marine, and Inland Marine; Markel Global Re Domestic and International Catastrophe, Per Risk, Quota Share; Direct & Facultative; Whole Account; Marine & Energy including Offshore; CV Starr Aviation; MINT Marine & Energy including Offshore; National Markets Property; All Latin American exposures; All Workers’ Comp (insurance and reinsurance) and All Accident & Health (insurance and reinsurance).

All lines of business that are subject to natural peril losses are subject to this placement excluding assumed retrocessions and State National Lender Services.

Enterprise Casualty and Cyber Liability

Effective March 1, 2020, Markel entered into an excess of loss agreement to cover casualty and cyber liability. The agreement is divided into two sections.

Section A is per event and is 25% placed and section B is aggregate. Section A1 provides clash cover of \$40 million in excess of \$25 million for third party liability for Markel Assurance and Specialty; Markel Specialty Commercial (except Education Accident & Medical and Hagerty Classic Auto and Watercraft); Markel Specialty Agriculture; Markel Specialty Programs (except Health Special Risk); Workers' Compensation; Prairie State; Markel Surety; Markel Assurance Casualty; Markel Assurance Professional Liability; Markel Insurtech Underwriters (formerly known as Markel Digital); Assurance Ocean Marine; Markel Global Reinsurance: Public Entity and Markel International; MINT Specialty and Financial Lines; MINT National Markets; MINT Marine & Energy and MINT Latin America Surety. Section A2 covers transactional liability of \$40 million excess of \$25 million. Both A1 and A2 have an aggregate limit of \$80 million.

Section B covers Cyber Events involving policies classified by the Company as: Property, Casualty, Professional Liability, Workers' Compensation, Marine and Energy and Surety, including both affirmative and silent cyber insurance. The affirmative and silent cyber covers \$150 million excess of \$120 million with an aggregate limit of \$150 million and is 43.33% placed. Additionally, the affirmative cyber covers \$150 million excess of \$120 million with an aggregate limit of \$150 million and is 10.00% placed. Section B contains varying sub limits for certain reinsurers.

Global Reinsurance Public Entity Quota Share

Effective December 1, 2020, Markel entered into a 100% quota share agreement with policy limits up to \$10 million for business underwritten by the Global Reinsurance Public Entity Product Line Division and classified as Public Entity business. This agreement was placed at 38.75%. Markel retained 61.25%.

Global Re Property Occurrence XOL

The Global Re Property Occurrence XOL cover consists of three contracts effective January 1, 2020. Occurrence Contract 1 is a \$100 million excess of \$74.75 million which Markel retains. The treaty is on a loss occurring basis with an aggregate limit of \$100 million. The contract covers U.S. windstorm and earthquake perils. Occurrence Contract 2 is a \$60 million excess of \$41.75 million agreement. Markel retains the \$41.75 million. The treaty is on a loss occurring basis with an aggregate limit of \$60 million and covers worldwide windstorms. The contract excludes U. S. windstorm and earthquakes. Both Contracts 1 and 2 are single occurrence contracts. Contract 3 has two sections and provides \$100 million excess layers of protection. Sections 1 and 2 layers are excess of Markel's retained amounts for contracts 1 and 2 (\$74.75 million and \$41.75 million, respectively). Section 1 covers named windstorms arising in the United States, including Caribbean/Canada clash coverage, along with earthquake losses arising in the U.S., including Mexico clash and Canada clash. Section 2 covers all losses wheresoever arising excluding losses covered in Section 1. Both Contracts 1 and 2 inure to the benefit of Contract 3. All the above-mentioned contracts contain a reset feature to adjust the deductible to bring the resulting Pure Modeled Expected Loss back to the Original Modeled Expected Loss.

Global Re Upstream Energy XOL

There are two contracts covering the Global Re Upstream Energy business and business classified as State Pool Terrorism. Effective January 1, 2020 through January 1, 2021, the first agreement covers Markel's Upstream Energy Quota Share account. The agreement is a 100% \$5 million Ultimate Net Loss (UNL) excess of \$5 million UNL on a loss occurring basis. Markel retains the first \$5 million. This contract was placed 100%.

The second contract, effective June 1, 2020 through June 1, 2021, has three sections and was placed 100%. The first section is a \$5 million UNL excess of \$10 million UNL that excludes named windstorms from the Gulf of Mexico and State Pool Terrorism losses. The second section is \$5 million UNL excess of \$8.75 million UNL covering named windstorms from the Gulf of Mexico only. The third section is \$5 million UNL excess of \$2.5 million UNL covering State Pool Terrorism only.

Global Re Marine & Energy Retro Quota Share

Effective September 1, 2020 through September 1, 2021, is a 100% quota share that was 20% placed. The agreement covers Markel's Global Reinsurance Specialty Division for business classified as Marine and Energy Whole Account and Terror Account. The treaty is risk attaching and has an occurrence limit of \$50 million. Markel retains 80%.

MGR Aviation (Tokio) XOL

Effective December 1, 2020, Markel entered into a \$7 million excess of \$3 million each loss agreement. Markel retains the first \$3 million. The agreement is on a loss occurring basis and was 100% placed.

MINT PA/MGR & Contingency XOL

Effective January 1, 2020, Markel entered into an XOL agreement on a loss occurring basis. The agreement was placed at 100% and is broken into two parts. The Contingency XOL is not associated with Markel's U.S. business. The Personal Accident/Markel Global Re (PA/MGR) coverage consists of several layers and covers Markel's United States, London and Spain personal accident business. Markel retains the two layers, one of which is the first \$7.5 million and the second is \$2.5 million excess of a \$12.5 million layer. Reinsurers cover a \$5 million excess of \$7.5 million layer for Direct and Facultative (D&F) for London and Spain. There is a \$10 million

excess of \$15 million layer and \$10 million excess of \$25 million covering the D&F for Markel Global Re London. There are three layers, \$10 million excess of \$35 million, \$20 million excess of \$45 million and \$20 million excess of \$65 million covering D&F for Markel Global Re London and the U.S. business.

FINANCIAL STATEMENTS

Financial Statements as reported and filed by the Company with the Department are reflected in the following:

- Statement of Assets as of December 31, 2020
- Statement of Liabilities, Surplus and Other Funds as of December 31, 2020
- Summary of Income for the Year Ended December 31, 2020
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2015 to December 31, 2020

Statement of Assets
as of December 31, 2020

	Assets	Non admitted Assets	Net Admitted Assets
Bonds	\$ 1,960,189,340	\$ -	\$ 1,960,189,340
Common stock	1,103,330,865		1,103,330,865
Cash and cash equivalents	417,342,995	-	417,342,995
Other invested assets	145,000,000	-	145,000,000
Subtotals, cash and invested assets	<u>\$ 3,625,863,200</u>	<u>\$ -</u>	<u>\$ 3,625,863,200</u>
Investment income due and accrued	\$ 16,614,074	\$ -	\$ 16,614,074
Uncollected premiums and agents' balances	141,810,797	-	141,810,797
Deferred premiums, agents' balances and installments booked but deferred and not due	299,958,093	-	299,958,093
Amounts recoverable from reinsurers	4,487,360	-	4,487,360
Funds held by or deposited with reinsured	78,251,100		78,251,100
Total Assets	<u><u>\$ 4,166,984,624</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,166,984,624</u></u>

Statement of Liabilities, Surplus and Other Funds
as of December 31, 2020

		Notes
Losses	\$ 2,036,915,071	1
Reinsurance payable on paid losses and loss adjustment expense	56,407,303	
Loss adjustment expense	198,058,457	1
Other expenses	3,483,568	
Taxes, licenses and fees	33,748	
Current federal and foreign income taxes	3,700,108	
Net deferred tax liability	51,831,592	
Unearned Premiums	559,103,007	
Ceded reinsurance premiums payable	23,577,370	
Funds held by company under reinsurance treaties	401,007	
Remittances and items not allocated	37,238,790	
Provision for Reinsurance	485,187	
Payable to parent, subsidiaries and affiliates	11,001,297	
Aggregate write-ins for liabilities	10,810,766	
Total liabilities	\$ 2,993,047,271	
Common capital stock	\$ 5,000,000	
Gross paid in and contributed surplus	712,769,365	
Unassigned funds (surplus)	456,167,988	
Capital and Surplus	\$ 1,173,937,353	
Total liabilities, surplus and other funds	\$ 4,166,984,624	

Summary of Income
for the Year Ended December 31, 2020

Premiums earned	\$ 1,091,506,991
 DEDUCTIONS:	
Losses incurred	\$ 669,956,277
Loss adjustment expenses incurred	111,172,788
Other underwriting expenses incurred	378,973,064
Total underwriting deductions	<u>\$ 1,160,102,129</u>
 Net underwriting gains (losses)	 <u>\$ (68,595,138)</u>
 INVESTMENT INCOME:	
Net investment income earned	\$ 52,936,978
Net realized capital gains	22,294,060
Net investment gain	<u>\$ 75,231,038</u>
 OTHER INCOME (LOSS):	
Net gain (loss) from agents' or premium balances charged off	<u>\$ (2,699)</u>
Total other income	<u>\$ (2,699)</u>
 Net income after dividends to policyholders after capital gains tax and before all other federal and foreign income taxes	 <u>\$ 6,633,201</u>
 Federal and foreign income taxes incurred	 <u>\$ 399,518</u>
 Net income	 <u><u>\$ 6,233,683</u></u>

**Reconciliation of Capital and Surplus
for the Period from the Prior Examination
as of December 31, 2015 to December 31, 2020**

	Common Capital Stock	Gross Paid-in & Contributed Surplus	Unassigned Funds	Total
December 31, 2015	\$ 5,000,000	\$ 672,769,365	\$ 49,360,551	\$ 727,129,916
2016 Operations (1)	-	-	72,094,684	72,094,684
2016 Net income	-	-	4,878,684	4,878,684
December 31, 2016	\$ 5,000,000	\$ 672,769,365	\$ 126,333,919	\$ 804,103,283
2017 Operations (1)	-	-	132,969,492	132,969,492
2017 Net income	-	-	(32,817,623)	(32,817,623)
December 31, 2017	\$ 5,000,000	\$ 672,769,365	\$ 226,485,787	\$ 904,255,152
2018 Operations (1)	-	-	(70,192,421)	(70,192,421)
2018 Net income	-	-	6,887,900	6,887,900
December 31, 2018	\$ 5,000,000	\$ 672,769,365	\$ 163,181,266	\$ 840,950,631
2019 Operations (1)	-	-	244,243,542	208,003,648
2019 Net income	-	-	(36,239,894)	(36,239,894)
December 31, 2019	\$ 5,000,000	\$ 672,769,365	\$ 371,184,914	\$ 1,048,954,279
2020 Operations (1)	-	-	78,749,390	78,749,390
2020 Net income	-	-	6,233,683	6,233,683
Surplus Contribution (2)	-	40,000,000	-	40,000,000
December 31, 2020	\$ 5,000,000	\$ 712,769,365	\$ 456,167,988	\$ 1,173,937,353

(1) Consists change in net unrealized capital gains (losses less capital gains tax, change in net unrealized foreign exchange capital gains (losses), change in net deferred income taxes, change in non-admitted assets and change in provision for reinsurance.

(2) Surplus Contribution - On December 11, 2020 the Company received a \$40,000,000 cash capital contribution for its direct parent, MIC.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE

There were no changes made to the Company's Financial Statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	\$2,036,915,071
Loss Adjustment Expenses	198,058,457

In order for the examination team to gain an adequate comfort level with the Companies' loss and LAE reserve estimates, the Department retained the actuarial services of INS Consultants Inc. (Consulting Actuary) to perform a limited risk-focused review of the Company's significant reserving activities. The Consulting Actuary assisted in review of the inherent risks, management oversight and other mitigating controls over the Company's actuarial processes and procedures. The Consulting Actuary performed a peer review of the actuarial work performed by the State of Illinois on behalf of the coordinated examination for the Group.

Based on the procedures performed and results obtained by the Consulting Actuary, the examination team obtained sufficient evidence to support the conclusion that the Companies' net loss and LAE reserves are reasonably stated as of December 31, 2020.

SUBSEQUENT EVENTS

Subsequent events were evaluated through March 15, 2022, the date that this examination report was available to be issued. Based on this evaluation, no significant transactions were deemed material for disclosure in this examination report.

Other Significant Events

Beginning in March of 2020, the world has experienced, and continues to experience a pandemic related to the COVID-19 virus. As of the date of this examination report, the Company's operations and financial condition had not been materially impacted.

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 Actuary, the Company's outside audit firm, KPMG and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,

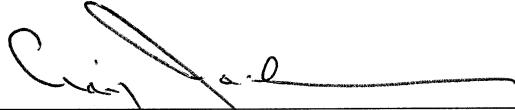


Craig Jackson, CFE
Examiner In-Charge
State of Delaware



James Call, CFE
Supervising Examiner
State of Delaware

I, Craig Jackson, 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 Authority No. 21.004.



Craig Jackson, CFE