

REPORT ON EXAMINATION
OF
INDIAN HARBOR INSURANCE COMPANY
AS OF
DECEMBER 31, 2020

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
INDIAN HARBOR INSURANCE 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.

A handwritten signature in blue ink, appearing to read "Trinidad Navarro", is positioned above a horizontal line.

Trinidad Navarro
Insurance Commissioner

Dated this 28th day of June, 2022

TABLE OF CONTENTS

SCOPE OF EXAMINATION	1
SUMMARY OF SIGNIFICANT FINDINGS.....	3
COMPANY HISTORY	3
CAPITALIZATION	4
DIVIDENDS	5
MANAGEMENT AND CONTROL.....	5
DIRECTORS	5
OFFICERS.....	6
CORPORATE RECORDS.....	6
INSURANCE HOLDING COMPANY SYSTEM.....	7
AGREEMENTS WITH AFFILIATES	7
TERRITORY AND PLAN OF OPERATION.....	9
TERRITORY	9
PLAN OF OPERATION	9
REINSURANCE	11
FINANCIAL STATEMENTS.....	18
STATEMENT OF ASSETS	19
STATEMENT OF LIABILITIES AND SURPLUS	20
STATEMENT OF INCOME.....	21
CAPITAL & SURPLUS ACCOUNT.....	22
RECONCILIATION OF CAPITAL AND SURPLUS.....	23
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION.....	24
COMMENTS ON FINANCIAL STATEMENT ITEMS	24
SUBSEQUENT EVENTS.....	24
SUMMARY OF RECOMMENDATIONS.....	26

May 11, 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. 21.013, dated February 18, 2021, an examination has been made of the affairs, financial condition and management of

INDIAN HARBOR INSURANCE COMPANY

hereinafter referred to as the Company or IHIC. IHIC 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. Due to the COVID-19 Pandemic, the examination was conducted offsite. The administrative office of the Company is located at 70 Seaview Avenue, Stamford, Connecticut, 06902. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Delaware Department of Insurance (Department) performed a risk-focused financial examination of the Company. The previous regulatory examination of the Company covered the five-year period from January 1, 2011 through December 31, 2015. This examination will cover the five-year period from January 1, 2016 through December 31, 2020.

The examination of the Company was performed as part of the multi-state coordinated examination of the XL America Group of United States regulated property and casualty insurance companies (XL America Group) as of December 31, 2020. New York is the lead state for the XL America Group examination.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified

during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm PricewaterhouseCoopers LLC (PwC). Certain auditor work papers of the 2020 PwC audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

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

COMPANY HISTORY

The Company was incorporated on June 23, 1992, under the laws of the State of North Dakota. The primary purpose for the Company's formation was to engage in the business of property and casualty insurance. The Company is a wholly-owned subsidiary of XL Specialty Insurance Company (XL Specialty) and a wholly-owned indirect subsidiary of XL Reinsurance America Inc. (XLRA).

With proper regulatory approvals, the Company re-domesticated from the State of North Dakota to the State of Delaware effective July 1, 2013.

Effective September 12, 2018, AXA S.A., a French société anonyme (AXA) became the ultimate parent of AXA XL Group and its insurer and non-insurer affiliates. AXA acquired XL Group by means of a merger of Camelot Holdings Ltd., a Bermuda exempted company, with and into XL Group Ltd., a Bermuda exempted company and the indirect parent of AXA XL Group.

XLRA is the direct parent and owns 100% of the outstanding shares of XL Specialty, Greenwich Insurance Company (GIC) and Catlin Specialty Insurance Company (CSIC). XL Specialty is the direct parent and owns 100% of the outstanding shares of IHIC and Catlin Insurance Company, Inc. (CICI). GIC is the direct parent and owns 100% of the outstanding shares of XL Insurance America Inc. (XLIA), which owns 100% of the outstanding shares of XL Select Insurance Company (XL Select) and XL Insurance Company of New York, Inc., (XLNY).

AXA XL Group, through its subsidiaries, is a global insurance and reinsurance company providing property, casualty and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises on a worldwide basis.

Capitalization

The Company's Certificate of Incorporation authorizes the issue 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 stock shares of the Company are owned by XL Specialty. As of December 31, 2020, the Company reported gross paid in and contributed surplus of \$103,918,879.

The Company received the following capital contributions from XL Specialty during the examination period:

- On December 28, 2020, the Company received a capital contribution of \$30,000,000 from its parent, XL Specialty.
- On June 4, 2020, the Company received a capital contribution of \$15,000,000 from its parent, XL Specialty.
- On March 30, 2020, the Company received a capital contribution of \$8,000,000 from its parent, XL Specialty.

- On December 27, 2018, the Company received a capital contribution of \$8,000,000 from its parent, XL Specialty.
- On November 15, 2017, the Company received a capital contribution of \$5,000,000 from its parent, XL Specialty.
- On March 17, 2016, the Company received a capital contribution of \$1,000,000 from its parent, XL Specialty.

Dividends

The Company paid ordinary cash dividends to its sole shareholders during the period under examination as reflected in the Board of Directors (Board) meeting minutes and approved by the Department as follows:

<u>Date Declared</u>	<u>Notification Date</u>	<u>Date Paid</u>	<u>Dividend Paid</u>
May 5, 2017	May 9, 2017	May 5, 2017	\$1,000,000

Dividend payments for all years noted above were in compliance with 18 *Del. C.* §5005 (e).

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, business and affairs of the Company shall be managed by the Board. The bylaws require that the Board consist of not less than one director but not more than twenty-one.

The Directors are elected annually by the stockholder and hold office until the next annual election and until their successors are elected. Directors duly elected and serving as of December 31, 2020, are as follows:

<u>Name</u>	<u>Title</u>
Joseph Anthony Tocco	President & CEO
Donna Marie Nadeau	Executive Vice President

James Michael DiVirgilio	Senior Vice President
James Michael Norris	Senior Vice President
Todd David Zimmerman *	Senior Vice President
David Douglas Brooks	Senior Vice President
Francis Joseph Lockwood *	Vice President

* Todd David Zimmerman resigned effective December 31, 2020 and Francis Joseph Lockwood resigned effective June 1, 2021.

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a President, and may elect one or more Vice Presidents, a Treasurer, a Secretary and one or more Assistant Vice Presidents and Assistant Secretaries. The Board may also elect a Chairman of the Board and a Chief Executive Officer at its discretion. The primary officers serving as of December 31, 2020, were as follows:

<u>Name</u>	<u>Title</u>
Joseph Anthony Tocco	President & CEO
Gabriel George Carino III	Treasurer
Toni Ann Perkins	Secretary
Andrew Robert Will	Controller

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, the 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.

General Services Agreement

Effective May 15, 2020, the Tenth Amended and Restated General Services Agreement by and between X.L. Global Services, Inc. (XLGS) and X.L. America, Inc. (XL America) on behalf of its subsidiaries, including all AXA XL US insurance Companies and various non-insurance US Companies. The parties to the agreement agree to provide and receive certain general services as described in the agreement. The parties agree to pay on a cost basis all in-house and out-of-pocket third-party costs and fees incurred by the other party.

Effective May 15, 2020, the Eleventh Amended and Restated General Services Agreement by and between XL America and its subsidiaries, on behalf of its subsidiaries, including all AXA XL US insurance Companies and various non-insurance US Companies. The parties to the agreement agree to provide and receive certain general services as described in the agreement. The parties agree to pay on a cost basis all in-house and out-of-pocket third-party costs and fees incurred by the other party.

Tax Sharing and Payment Agreement

Effective May 1, 2020, the Twelfth Amended Tax Sharing and Payment Agreement was entered into by and among all AXA XL US insurance Companies and various non-insurance US Companies.

Effective September 1, 2001, and most recently amended May 1, 2020, XLRA maintains a tax sharing agreement with its subsidiaries, whereby the members of the group agree to pay an amount equal to the federal income tax liability which such member would have incurred if such member had filed a separate federal income tax return. For each estimated tax period of any year, the estimated federal income tax liability of each member shall be determined and shall be paid within 10 days of receipt of notice. The final amount required to be paid for any taxable year shall be paid on or before the date on which the

consolidated return of the group is required to be filed determined without regard to any extension of time to file.

Investment Management Agreement

Effective January 1, 2017, the Investment Management Agreement by and between all AXA XL US insurance Companies and XL Group Investments Ltd (Investment Manager), replaced the original Investment Management Agreement, and all amendments thereto. IHIC designates and appoints the Investment Manager as its agent and attorney-in-fact, with full power and authority and without further approval of IHIC (except as expressly provided for herein or as may be required by law and subject always to IHIC Investment Guideline), in the name of and on behalf of IHIC: (i) to invest IHIC's portfolio of investment assets and enter into investment transactions; (ii) to appoint and terminate Third Party Managers and Third Party Service Providers and (iii) to enter any agreements, instruments and other documents and to take such other steps necessary in furtherance of this Agreement (including arranging for payments of all taxes, fees and expenses related to investment activity, Third Party Managers and Third Party Service Providers, as may be applicable), all as the Investment Manager shall deem reasonable and prudent to enable it to fulfil its obligations under this Agreement.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2020, the Company was a domestic Surplus lines insurer in the state of Delaware. It is eligible to write surplus lines in all other states including the District of Columbia and Puerto Rico.

Plan of Operation

The AXA XL Group operates in the insurance and reinsurance markets.

Insurance

Insurance operations are divided into four business groups: Casualty, Energy Property Construction (EPC), Professional Lines (Professional) and Specialty Lines (Specialty). Insurance policies are customized for complex corporate risks and are distributed through a wide variety of local, national and international producers. Business is written for a comprehensive set of coverages across Casualty, EPC. Professional and Specialty lines to deliver solutions to clients operating in a broad array of industries representing all major sectors of the economy in the following lines of business: property, casualty, professional liability, environmental liability, aviation and satellite, marine and offshore energy, equine, fine art and specie, surplus lines, political risk and trade credit, crisis management, surety and other industry coverages, including those mentioned above, through our programs, middle market and construction businesses.

Reinsurance

Reinsurance business written includes casualty, property, crop, accident and health and other specialty reinsurance. The Group's property reinsurance business generally has loss experience characterized as low frequency and high severity. As a result, large losses, though infrequent, can have a significant impact on the Group's results of operations, financial condition and liquidity. The Group endeavors to manage its exposures to catastrophic events by limiting the amount of its exposure in each geographic zone and requiring that its property catastrophe contracts provide for aggregate limits and varying attachment points

The Company distributes its insurance products and services through brokers and agents, appointed and licensed as required by the various jurisdictions in which it operates. The Company accepts business produced by major national brokerage firms, as well as regional and independent producers.

The Company has agreements with unaffiliated managing general agents (MGAs) to produce business on its behalf. Direct premiums by MGAs in 2020 which exceeded 5% of the Company's policyholder surplus were produced by the following MGAs:

	<u>Total Direct Premium Written</u>
Tower Hill Insurance Group	\$ 40,868,535
International Catastrophe	\$ 12,204,413
Fetch Insurance Services LLC	\$128,194,732
Bamboo Insurance	\$ 51,354,147
International Catastrophe	\$ 12,270,413

All are considered MGAs as defined in 18 *Del. C.* §1802(3) Managing general agent and was properly disclosed in the 2020 annual statement Notes to the Financial Statements. During 2020, 79.2% of the Company's direct premiums written were in the following three lines of business: other liability (61.5%), inland marine (12.4%) and aircraft (5.3%).

The Company reported the following distribution of premiums written for the years ended December 31, 2020, and the prior examination date of December 31, 2015.

	<u>2020</u>	<u>% GPW</u>	<u>2015</u>	<u>% GPW</u>
Direct Business	\$1,665,848,063	94.4%	\$796,445,484	96.8%
Reinsurance assumed from affiliates	98,170,757	5.6%	26,542,703	3.2%
Reinsurance assumed from non-affiliates	130,038	0.0%	-	0.0%
Gross Premiums Written	<u>\$1,764,148,858</u>	<u>100.0%</u>	<u>\$822,988,187</u>	<u>100.0%</u>
Reinsurance ceded to affiliates	1,665,978,101	94.4%	796,445,484	96.8%
Reinsurance ceded to non-affiliates	-	0.0%	-	0.0%
Total Ceded Premium	<u>\$1,665,978,101</u>	<u>94.4%</u>	<u>\$796,445,484</u>	<u>96.8%</u>
Net Premiums Written	<u>\$ 98,170,757</u>	<u>5.6%</u>	<u>\$ 26,542,703</u>	<u>3.2%</u>

REINSURANCE

The Company is part of an intercompany pooling agreement with other members (Pool Members) of the XL America Group titled the XL America Group Pooling Agreement (Pooling Agreement). Under the agreement 100% of the gross premiums, losses and related

underwriting expenses of the Pool Members are ceded to the lead Company of the XL America Group Pool, XLRA, (Pool Leader). The following is a listing of all members of the Pooling agreement and their respective participation percentages and states of domicile:

Company	12/31/2020 Pooling %	12/31/2015 Pooling %
XL Reinsurance America Inc. (NY)	65%	65%
Greenwich Insurance Company (DE)	12%	12%
XL Specialty Insurance Company (DE)	12%	6%
XL Insurance America, Inc. (DE)	6%	10%
Indian Harbor Insurance Company (DE)	3%	2%
Catlin Insurance Company, Inc. (TX)	2%	0%
Catlin Specialty Insurance Company (DE)	0%	0%
XL Select Insurance Company (DE)	0%	2%
XL Insurance Company of NY, Inc. (NY)	0%	3%
Total Pool Percentage	100%	100%

Recent changes in the Pooling Agreement occurred and received appropriate regulatory approval. CSIC and CICI were acquired as part of XL Group Ltd.'s acquisition of Catlin Group Ltd. (Catlin Group) on May 1, 2015, but previously had not been members of the pool as of our last examination date on December 31, 2015. During 2020, CSIC and XL Select transferred the entirety of their business to IHIC through a transfer and assumption reinsurance agreement. As a result of this transaction, CSIC and XL Select are indemnified of all its policyholder liabilities, which have now been assumed by IHIC. Select are Catlin Indemnity Company, another US-domiciled property and casualty insurance company acquired in the purchase of the Catlin Group also transferred the entirety of its remaining business to XL Specialty through a transfer and assumption agreement and was sold on November 23, 2020. Separate from the intercompany pooling agreement, effective July 1, 2020, XLRA entered into a quota share agreement with T.H.E. Insurance Company (T.H.E.),

a subsidiary of AXA XL, whereby 100% of the T.H.E. loss and loss adjustment expenses incurred after July 1, 2020 is ceded to XLRA.

After placement of specific unaffiliated reinsurance, the Pool Leader, on behalf of all the Pool Members, participated in quota share reinsurance agreements with XL Bermuda Ltd (XLB) (f/k/a XL Insurance (Bermuda) Ltd) which covers 75% of all accident date-related pool results from July 1, 1999 to December 31, 2007, 50% of all accident date-related pool results from January 1, 2008 to December 31, 2015 (XLB QS) and 50% of the remaining 2016 and 60% of the remaining 2017 accident date-related pool results to Catlin Re Switzerland Ltd. (CRBB) under quota share reinsurance arrangement (CRBB QS). On October 1, 2020, all cessions previously ceded to CRBB, which include the losses ceded from the Catlin Group-acquired entities, as well as the accident date-related pool results from January 1, 2016 through December 31, 2017, were novated to XLB. The business written under the former entities of the Catlin pool also reinsure 75% of underwriting date-related pool results from January 1, 2011 to December 31, 2017 to CRBB which was novated to XLB on October 1, 2020.

Effective January 1, 2019, a whole account, accident year 30% quota share was established between the Company and Seaview Re, Ltd. (Seaview Re). Seaview Re is wholly-owned by Seaview Re Holdings, Inc. which in turn, is wholly owned by Catlin Re Switzerland Ltd. (Catlin Re), a company incorporated in Switzerland, which is registered as an overseas company in Bermuda and licensed as a Class 4 insurer. Catlin Re is an indirect, wholly owned subsidiary of AXA. The Company will reinsure 30% of all business written by itself and the Pool Members, after cessions to third parties and all certain other internal cessions (Seaview Re QS).

After application of the XLB QS, CRBB QS and Seaview Re QS, the Pool Leader has recorded additional loss recoveries under an Excess of Loss Adverse Development Cover with XLB (XLB ADC). The XLB ADC provides protection for adverse development — net of all other available reinsurance — which occurred during the calendar period January 1, 2004 to December 31, 2005, on the Pool Leader's pre-pooled net retained reserves held at December 31, 2003 related to losses on policies written or assumed during underwriting years 1985 through 2000.

After application of the XLB ADC, the remaining net pool results are redistributed among the Pool Members based on the percentages noted above. All ceded reinsurance balances related to external reinsurance contracts are recorded in the statutory financial statements of XLRA, and all reinsurers which are parties to such contracts are included in XLRA's Schedule F. Any Schedule F penalty determined within XLRA's Schedule F is shared by the Pool Members in accordance with their Pooling Agreement participation percentages.

Property Catastrophe Excess of Loss

Effective January 1, 2020, a Property Catastrophe Excess of Loss (XOL) reinsurance agreement was entered into between XLRA, as Pool Leader, on behalf of itself and its Pool Members and placed with AXA Global RE S.A. (AXA Global RE), a company incorporated under the laws of the Republic of France. All amounts, financial statements and payments must be made in Euros.

Insurance covered applies to all business classified by the Pool Members as Property whether written directly or as Facultative Reinsurance.

In respect of all perils other than Terrorism or Cyber perils:
Per Event Deductible: EUR 175,000,000 subject Original Losses per Event
Limit: EUR 1,800,000,000 Ultimate Net Loss each and every loss

In respect of Terrorism or 1st Party Cyber Perils:
Per Event Deductible: EUR 350,000,000 subject Original Losses per Event
Limit: EUR 250,000,000 Ultimate Net Loss each and every loss

Third Party Reinsurance

The Company participates with the AXA XL Group, in an extensive reinsurance program that covers all lines of business. The covers have varying limits and retentions that are based upon internal guidelines.

Workers Compensation Catastrophic Event

Effective January 1, 2020, AXA XL Global Risk Workers Compensation Catastrophe XOL reinsurance agreement was entered into between AXA XL Companies including XLRA, as Pool Leader, on behalf of itself and its Pool Members and various partisans within the three layers. Business covered all Layers 100% for catastrophe events and single insured events, for all business classified by the Pool Members as Workers' Compensation. Third party participation was 100% for all three layers.

Layer 1 \$60M excess \$40M with a \$25M deductible, one event with one insured
Layer 2 \$100M excess \$100M with a \$40M deductible, one event with one insured
Layer 3 \$100M excess \$200M with a \$185M deductible, one event with one insured

Property Per Risk Cover: Core & Excess

Effective January 1, 2020, an Excess Property Facility reinsurance agreement was entered into between AXA XL Companies including, XLRA, as Pool Leader, on behalf of itself and its Pool Members. Participation was a 100% with third party reinsurers. This contract covers Property business, whether written directly or as facultative reinsurance.

Limit/Retention:

Layer 1: \$600M excess \$50M
-Structured Underlying Layer has a \$25M Annual Aggregate Deductible (AAD)
-Structured Underlying Layer is a 3 year deal with a \$150M Term Limit (after application of the AAD)
-At least one reinstatement available, costing up to 100% additional

- Layer 2: \$350M excess \$650M Layer with a single occurrence limit
- Free and Unlimited Reinstatements
- Excludes Critical Flood, Named Storm and Earthquake

Property Per Risk

Effective January 1, 2020, XLRA, as Pool Leader, on behalf of itself and its Pool Members and AXA Global RE entered into an agreement with third parties covering property business. This contract is 100% placed with various third-party reinsurers.

- Layer 1: EUR or USD 25M excess EUR or USD 50M AAD EUR or USD 25M
- Layer 2: EUR or USD 75M excess EUR or USD 75M as respects all losses arising out of any one Loss Occurrence.
- Layer 3: EUR or USD 150M excess EUR or USD 150M
- Layer 4: EUR or USD 350M excess EUR or USD 300M

Marine Excess of Loss

Effective January 1, 2020. XLRA, as Pool Leader, on behalf of itself and its Pool Members and AXA Global RE entered into an agreement with third parties covering marine, inland marine, fine art, equine and aviation. This contract is 50% placed with various third-party reinsurers.

- Layer 1: \$50M excess \$50M
- Layer 2: \$50M excess \$100M
- Layer 3: \$100M excess \$150M
- Layer 4: \$100M excess \$250M
- Layer 5: \$200M excess \$350M
- Layer 6: \$200M excess \$550M

Core Aviation XOL

Effective January 1, 2020, a CORE Aviation XOL reinsurance agreement was entered into between AXA XL Companies including, XLRA, as Pool Leader, on behalf of itself and its Pool Members and various partisans within the six layers. Business covered as classified by the Pool Members as Aviation with some exclusions. This contract is 70% placed for all sections.

Major Risk Aviation

- Wide-bodied Hull & Liability
- Prime Airframe and Engine Manufacturers
- Critical Products
- Major Airports and Air Traffic Control

Non-Major Risk Aviation

- Other Airlines Hull & Liability
- Non-major products
- Non-major Airports
- Refuellers
- Space Liability
- General Aviation

Layer 1: \$65M excess \$35M

Layer 2: \$50M excess \$65M

Layer 3: \$100M excess \$115M

Layer 4: \$100M excess \$215M

Layer 5: \$200M excess \$315M

Layer 6: \$200M excess \$515M

Enterprise Aggregate Excess of Loss Program

Effective January 1, 2020, a Group Cover Catastrophe Aggregate XOL reinsurance agreement was entered into between AXA XL Companies including, XLRA, as Pool Leader, on behalf of itself and its Pool Members and AXA Global RE placed with various third party reinsurers that may contain segregated cell structures. Business covered to indemnify the Pool Members in respect of all losses arising from Natural Perils.

Layer A: EUR 500M excess EUR 1,400M (worldwide)

Layer B: EUR 750M excess EUR 1,400M (worldwide, excluded US named windstorms, US earthquake and European named windstorms)

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, 2020
- Statement of Liabilities and Surplus as of December 31, 2020
- Statement of Income for the year ended December 31, 2020
- Statement of Capital and Surplus Account for the year ended December 31, 2020
- Reconciliation of Capital and Surplus for the Period December 31, 2015 to December 31, 2020

STATEMENT OF ASSETS
As of December 31, 2020

	Ledger Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 337,867,228	\$ -	\$ 337,867,228
Cash	20,338,841	-	20,338,841
Cash equivalents	34,286,385	-	34,286,385
Receivables for securities	158	-	158
Subtotals, cash and invested assets	<u>\$ 392,492,612</u>	<u>\$ -</u>	<u>\$ 392,492,612</u>
Investment income due and accrued	1,959,092	-	1,959,092
Uncollected premiums and agents' balances in the course of collection	32,453,084	4,048,218	28,404,866
Deferred premiums; agents' balances and installments booked but deferred and not yet due	9,015,863	-	9,015,863
Accrued retrospective premiums (\$0) and contracts subject to redetermination (\$0)	2,090,345	8,812	2,081,533
Net deferred tax asset	8,555,837	2,582,458	5,973,379
Guaranty funds receivable or on deposit	30,639	-	30,639
Receivables from parent; subsidiaries and affiliates	7,405,070	491,594	6,913,476
Aggregate write-ins for other than invested assets	15,020,436	871,393	14,149,043
Total Assets	<u><u>\$ 469,022,978</u></u>	<u><u>\$ 8,002,475</u></u>	<u><u>\$ 461,020,503</u></u>

STATEMENT OF LIABILITIES AND SURPLUS
As of December 31, 2020

	<u>2020</u>	<u>Note</u>
Losses	\$ 148,040,667	1
Reinsurance payable on paid losses and loss adjustment expenses	144,462	
Loss adjustment expenses	41,027,946	1
Commissions payable; contingent commissions and other similar charges	704,214	
Other expenses (excluding taxes; licenses and fees)	3,533,287	
Taxes, licenses, and fees (excluding federal and foreign income tax)	1,623,306	
Current federal and foreign income taxes	1,022,275	
Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$0 and including warranty reserves of \$0)	51,593,891	
Advance Premium	811,055	
Dividends declared and unpaid: Policyholders	-	
Ceded reinsurance premiums payable (net of ceding commissions)	-	
Funds held by company under reinsurance treaties	93,481,172	
Amounts withheld or retained by company for account of others	-	
Remittances and items not allocated	(7,507,193)	
Provision for reinsurance (Including \$0 certified)	-	
Drafts outstanding	-	
Payable to parent; subsidiaries and affiliates	13,402,634	
Derivatives	-	
Payable for securities	185,904	
Aggregate write-ins for liabilities	34,879,221	
Total liabilities	<u>\$ 382,942,841</u>	
Aggregate write-ins for special surplus funds	\$ -	
Common capital stock	5,000,000	
Preferred capital stock	-	
Gross paid in and contributed surplus	103,918,879	
Unassigned funds (surplus)	(30,841,218)	
Surplus as regards policyholders	<u>\$ 78,077,661</u>	
Totals of liabilities & surplus	<u><u>\$ 461,020,503</u></u>	

STATEMENT OF INCOME
For the Year Ended December 31, 2020

Underwriting Income	
Premiums earned	<u>\$ 89,896,163</u>
Deductions	
Losses incurred	\$ 64,091,731
Loss adjustment expenses incurred	13,594,357
Other underwriting expenses incurred	26,114,592
Total underwriting deductions	<u>103,800,680</u>
Net underwriting gain (loss)	<u>\$ (13,904,518)</u>
Investment Income	
Net investment income earned	\$ 6,092,362
Net realized capital gains (losses) less capital gains tax of \$86,915	<u>(728,475)</u>
Net investment gain (loss)	<u>\$ 5,363,887</u>
Other Income	
Net gain (loss) from agents' or premium balances charged off	\$ (87,649)
Finance and service charges not included in premium	-
Aggregate write-ins for miscellaneous income	<u>(3,912,285)</u>
Total other income	<u>\$ (3,999,934)</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ (12,540,565)</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	<u>\$ (12,540,565)</u>
Federal and foreign income taxes incurred	<u>406,597</u>
Net Income	<u><u>\$ (12,947,161)</u></u>

CAPITAL & SURPLUS ACCOUNT
For the Year Ended December 31, 2020

	<u>2020</u>
Surplus as regards to policyholders; December 31, 2019	\$ 47,070,287
Net income	(12,947,161)
Change in net unrealized capital gains (losses) less capital gains tax of \$0	
Change in net unrealized foreign exchange capital gain (loss)	-
Change in net deferred income tax	4,260,748
Change in nonadmitted assets	(4,619,028)
Change in provision for reinsurance	-
Capital Changes: Paid in	-
Surplus adjustment: Paid in	53,000,000
Transferred to Capital (Stock Dividend)	-
Dividends to stockholders	
Aggregate write-ins for gains and losses in surplus	(8,687,185)
Net change in capital and surplus for the year	<u>\$ 31,007,374</u>
Capital and surplus; December 31, 2020	<u>\$ 78,077,661</u>

RECONCILIATION OF CAPITAL AND SURPLUS
As of December 31, 2015 to December 31, 2020

	Common Capital Stock	Gross Paid In Capital	Unassigned Surplus	Total
12/31/2015	\$ 5,000,000	\$ 36,912,417	\$ 3,347,489	\$ 45,259,906
12/31/2016			1,030,179 (1)	1,030,179
12/31/2016			(250,239) (2)	(250,239)
12/31/2016		1,000,000		1,000,000 (4)
12/31/2016		6,462		6,462 (5)
12/31/2017			(2,166,230) (1)	(2,166,230)
12/31/2017			(1,343,631) (2)	(1,343,631)
12/31/2017			(1,000,000) (3)	(1,000,000)
12/31/2017		5,000,000		5,000,000 (4)
12/31/2018			(1,640,645) (1)	(1,640,645)
12/31/2018			(636,718) (2)	(636,718)
12/31/2018		8,000,000		8,000,000 (4)
12/31/2019			(3,764,349) (1)	(3,764,349)
12/31/2019			(2,424,448) (2)	(2,424,448)
12/31/2020			(12,947,161) (1)	(12,947,161)
12/31/2020			(9,045,465) (2)	(9,045,465)
12/31/2020		53,000,000		53,000,000 (4)
	<u>\$ 5,000,000</u>	<u>\$ 103,918,879</u>	<u>\$ (30,841,218)</u>	<u>\$ 78,077,661</u>

(1) Represents net income (loss)

(2) Change in non-admitted assets, change in unrealized gain(loss), Change in net deferred tax, Change in provision for reinsurance, SSAP 3 adjustment.

(3) Dividends to stockholder

(4) Capital contribution from shareholder

(5) SSAP 104 adjustment

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM
THE EXAMINATION**

There were no changes made to the Financial Statements as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	\$148,040,667
Loss Adjustment Expenses	\$ 41,027,946

The examination liability for the aforementioned captioned items are the same as those balances reported by the Company as of December 31, 2020. The examination analysis of Loss and Loss Adjustment Expense reserves was conducted in accordance with Statutory Accounting Principles, including NAIC *Accounting Practices and Procedures Manual*, Statement of Statutory Accounting Principles No. 55.

SUBSEQUENT EVENTS

The following material subsequent events occurred, requiring disclosure in this examination report.

Effective March 1, 2021, by Amendment No. 2 to the Sub-Investment Management Agreement and Amendment No. 1 to the Fee Adhesion Agreement arranged for XL Global Investments Ltd. (XLGIL), on behalf of the AXA XL Insurers and AXA Investment Managers, Inc, to align the fees paid by each of the AXA XL Insurers with the fees paid by the other entities in the AXA Group.

Effective September 15, 2021, by Amendment No. 4 (including Amendment Schedule No. 2) to the Investment Management Services Agreement, changed the terms of the overall Legal Entity Investment Guidelines and Legal Entity benchmarks, entered into

Indian Harbor Insurance Company

between CSIC, GIC, IHIC, XLIA, XL Specialty and XL Select (collectively, the Domestic Insurers) with XLGIL.

Effective September 30, 2021, a Form A Exemption was filed for an internal merger of EXEL Holdings Limited and XLIT Ltd. with and into XL Group which had no direct impact to any Domestic Insurers.

Effective October 1, 2021, by the First Amendment to the Sixth Amended and Restated Intercompany Reinsurance Pooling Agreement between and among the Domestic Insurers, XLRA, XLNY and CICI added T.H.E. to the Pool with a 0% Pool Year Participation Percentage.

Effective January 1, 2022, by the Seventh Amendment and Restated Intercompany Reinsurance Pooling Agreement, AXA XL de-pooled the current X.L. America U.S. Pool and re-pooled under GIC as Pool Leader, with XLRA no longer Pool Leader and no longer part of the reconstituted pool. GIC will have a pooling percentage of 80%, XL Specialty will have a pooling percentage of 20% and all other pool members will have pooling percentages of 0%. Transfer and Novation agreements were included for the transition of assets, liabilities and reinsurance as needed in conjunction with the restructuring and de-pooling with the parties XL America, XLRA, GIC and other Domestic Insurers and effective January 1, 2022.

All the aforementioned agreements have been reviewed and approved by the Department.

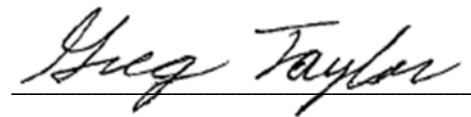
There were no other material subsequent events noted.

SUMMARY OF RECOMMENDATIONS

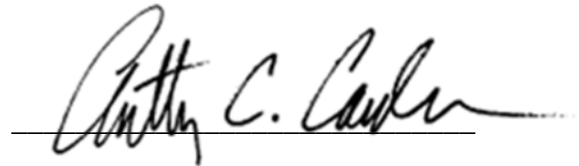
There were no recommendations as a result of this examination.

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

Respectfully submitted,

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


Greg Taylor, CFE
Examiner In-Charge
State of Delaware

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

Anthony Cardone, CPA, CFE
Supervising Examiner
State of Delaware

Indian Harbor Insurance Company

I, Greg Taylor, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 21.013.



Greg Taylor, CFE