

EXAMINATION REPORT
OF
GEOVERA SPECIALTY INSURANCE COMPANY
AS OF
DECEMBER 31, 2022

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
GEOVERA SPECIALTY INSURANCE COMPANY
AS OF
DECEMBER 31, 2022

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, reading "Trinidad Navarro", is positioned above a horizontal line.

Trinidad Navarro
Insurance Commissioner

Dated this 20 day of March, 2024

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February 8, 2024

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. 23.021, dated January 13, 2023, an examination has been made of the affairs, financial condition, and management of

GEOVERA SPECIALTY INSURANCE COMPANY

hereinafter referred to as the Company or GVSIC. 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, DE 19808. The administrative offices of the Company are located at 1455 Oliver Road, Fairfield, California 94534.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The last examination was conducted as of December 31, 2018 by the Delaware Department of Insurance (Department). This examination covered the period of January 1, 2019 through December 31, 2022. Our examination was performed as part of the multi-state coordinated examination of the GeoVera Insurance Group of regulated entities wherein California is the lead state. The examination was

conducted concurrently with California domiciled affiliates, Coastal Select Insurance Company (CSIC) and GeoVera Insurance Company (GVIC). 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 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 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 communicated separately to other regulators and/or the Company.

During this examination, consideration was given to work performed by the Company's external accounting firm, Ernst & Young (E&Y). Certain auditor work papers from the December 31, 2022 and 2021 audit of the Company have been incorporated into the work papers of the examiners and were utilized in determining the scope and areas of emphasis in conducting the examination pertaining to 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 in Maryland on November 28, 1994, as USF&G Specialty Insurance Company and commenced business on November 30, 1994. The Company changed its name to GVSIC and re-domesticated to California on January 1, 2007. On May 20, 2013, the Company re-domesticated to the state of Delaware, and then on August 29, 2017, the Company filed a restated Articles of Corporation to reflect the address of its statutory office in Wilmington, Delaware.

The Company is wholly owned by GeoVera Holdings, Inc. (GVH), which also wholly owns the California domiciled affiliates CSIC and GVIC. Collectively, GVSIC, CSIC and GVIC are referred to as the "GeoVera Pool" within the insurance holding company system, with GVH as their holding company.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of 100,000 shares of \$100 par value common stock. As of December 31, 2022, the Company had 50,000 shares authorized, issued and outstanding totaling \$5,000,000. All outstanding common shares of the Company are

owned by GVH. As of December 31, 2022, the Company reported gross paid in and contributed surplus of \$13,013,114.

Dividends

The Company's Board of Directors (Board) approved and authorized two (2) cash dividends during the examination period that were in compliance with 18 *Del. C.* § 5004 (e), as follows:

<u>Year</u>	<u>Amount</u>	<u>Date Paid</u>
2019	1,030,424	April 4, 2019
2020	<u>2,515,503</u>	July 23, 2020
Total	<u>\$ 3,545,927</u>	

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. The Board shall not have less than one or more than thirteen (13) directors. The number of directors shall be determined by resolution of the Board or by the stockholders at the annual meeting.

Each Director is elected annually by the shareholder and holds office until the next annual election and/or until their successors are elected and qualified, except as removed for cause and the successor elected by a special meeting of the stockholder. Directors duly elected and serving as of December 31, 2022, are as follows:

<u>Name</u>	<u>Title</u>
Robert Byrd Hagedorn	Vice President, General Counsel and Secretary, GVH
Deepak Menon	Chief Operating Officer, GVH
Lori Ann Gomez	Vice President, Customer Care, GVH
Vida DeGuzman Loya	Accounting Director, GVH

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, 2022, were as follows:

<u>Name</u>	<u>Title</u>
John Leslie Forney	President and Chief Executive Officer
Robert Byrd Hagedorn	Vice President, General Counsel and Secretary
Brian Thomas	Senior Vice President and Chief Financial Officer
Nesrin Isil Basoz	Chief Underwriting Officer and Chief Risk Management Officer

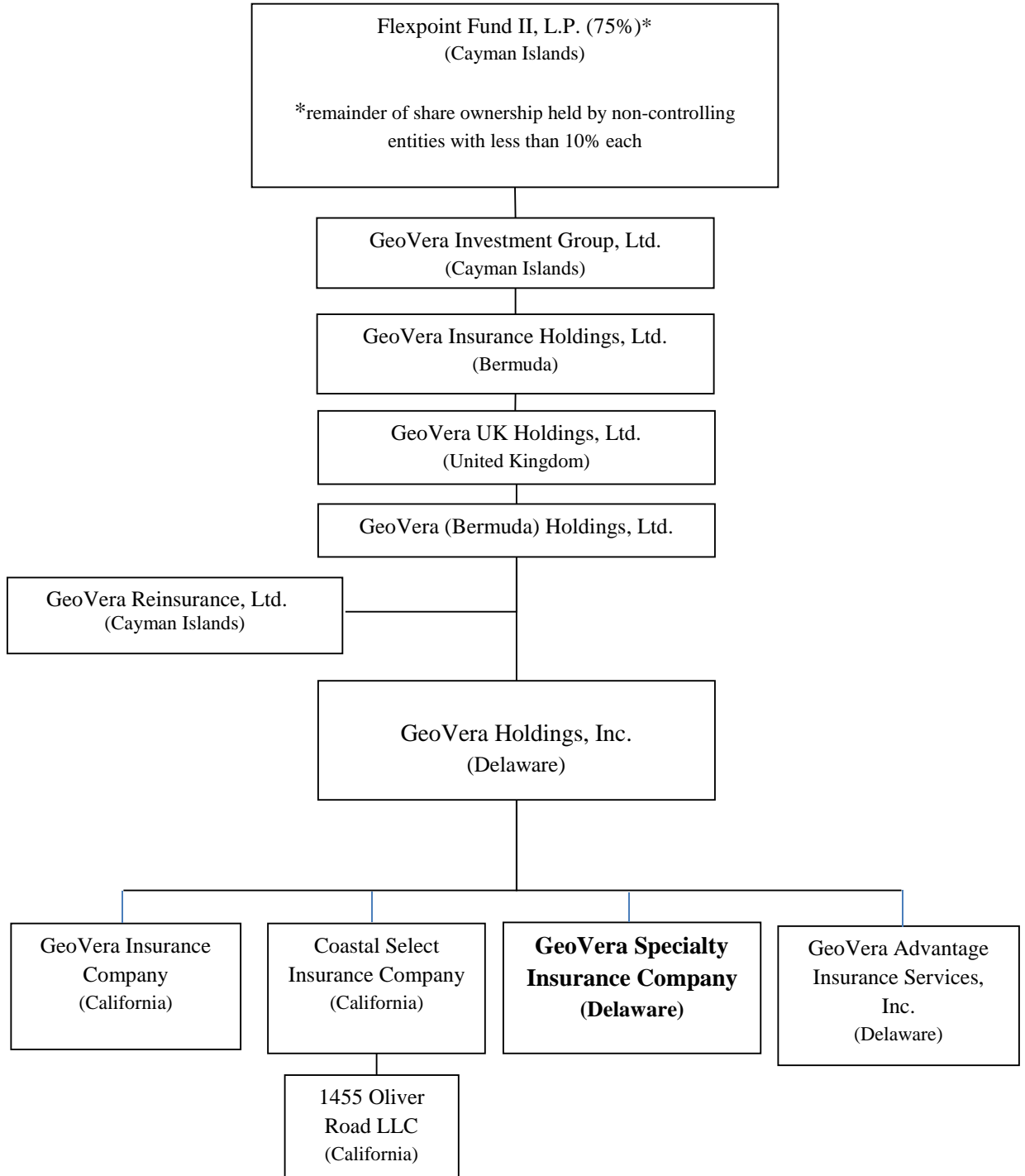
Corporate Records

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 the GeoVera Group as defined under 18 *Del. C.* § 5001 of the Delaware Insurance Code. GeoVera Investment Group, Ltd. (GVIG) is the ultimate parent within the holding company system, which is majority owned by private equity investor, Flexpoint Fund II (Cayman), L.P. Effective August 8, 2012, GVH and its insurance subsidiaries (GeoVera Pool) were acquired by GVIG from Friedman Fleischer & Lowe, LLC and Hellman & Friedman, LLC. An abbreviated organizational chart of

the GeoVera Group holding company system as of December 31, 2022, is as follows (ownership of subsidiaries is 100% unless otherwise noted):



Agreements with Affiliates

Services Agreement

Effective November 1, 2005, CSIC, GVIC and GVSIC entered into a Services Agreement with its direct parent, GVH. Under the terms of this agreement, GVH provides accounting, administrative, data processing, underwriting and premium collection services to the companies. As compensation for these services, the Companies reimburse GVH for all direct and allocable expenses and overhead paid by GVH on behalf of the companies.

Tax Sharing Agreement

Effective November 1, 2005, the Company is party to a Tax Sharing Agreement, whereby the Company and other certain affiliates are included in a consolidated federal income tax return. Per the agreement, the Company remits its tax liability to its direct parent, GVH, as if it were filing a separate tax return as obligated pursuant to the terms of the agreement.

General Agent Agreement

Effective August 15, 2017, and approved by the Department on September 12, 2017, the Company became party to an agreement with GeoVera Advantage Insurance Services, Inc. (GVA), whereby GVA serves as a General Agent to solicit, produce, underwrite, administer, service and manage insurance policies and claims handling, that are produced by GVA and its surplus lines brokers and producers.

Second Amended Operating Agreement

Effective February 28, 2014, and March 21, 2014, the Company is party to a Second Amended Operating Agreement (Agreement), among CSIC, GVIC, GVSIC and 1455 Oliver Road LLC (LLC), the office building and headquarters of the insurance companies, with CSIC as manager of the building. On August 5, 2015, the Agreement was modified (Addendum 1) to

change the business address of the insurance companies to 1455 Oliver Road, Fairfield, California, and to increase the total capital contribution from \$7.2 million to \$12.5 million. On July 1, 2016, the Agreement was modified (Addendum 2) to reflect the transfer of the respective ownership interests of GVIC and GVSIC to CSIC, making CSIC the sole member and owner of the LLC.

TERRITORY AND PLAN OF OPERATION

Territory

Effective on May 4, 2021, the Company converted from a property and casualty insurer to a domestic surplus lines' insurer. As of December 31, 2022, the Company is eligible to write business as an approved surplus lines writer in forty-eight (48) states and the U.S. Virgin Islands. The Company is authorized to write specialty homeowners and residential earthquake insurance products on a non-admitted basis in forty-seven (47) states, the U.S. Virgin Islands and the District of Columbia. The Company is also licensed to write multiple lines of business on an admitted basis in California and its domiciliary state, Delaware.

Plan of Operation

The Company distributes its insurance products through independent agents and surplus lines brokers. The Company's plan of operation includes being subject to a reinsurance intercompany pooling agreement (refer to the *Reinsurance* section below).

REINSURANCE

The Company reported the following distribution of premiums written for the years ended December 31, 2022, and the prior examination date of December 31, 2018:

	2022	2018
Direct premiums written	\$ 187,410,336	\$ 233,997,506
Assumed premiums (from affiliates)	19,004,751	17,383,219
Assumed premiums (from non-affiliates)	-	2,725
Gross premiums written	\$ 206,415,087	\$ 251,383,450
Ceded premiums (to affiliates)	137,655,893	164,218,650
Ceded premiums (to non-affiliates)	49,754,445	69,781,583
Net premiums written	<u>\$ 19,004,749</u>	<u>\$ 17,383,217</u>

Assumed Reinsurance – Affiliated

The Company’s assumed premium of approximately \$19.0 million is from GVIC related to the intercompany pooling arrangement (refer to the *Ceded Reinsurance – Affiliated* section below for details related to intercompany pooling).

Ceded Reinsurance – Affiliated

Effective January 1, 2010, as amended January 1, 2013 and March 1, 2014, the Company is party to an Intercompany Reinsurance Pooling Agreement (Pooling Agreement) with affiliates CSIC and GVIC, with CSIC as the intercompany pool leader. Effective December 31, 2017, the Pooling Agreement was amended to have GVIC as the pool leader, replacing CSIC.

Under terms of the restated Pooling Agreement approved by the Department on October 6, 2020, the Company cedes one hundred percent (100%) of its net retained liabilities to GVIC after the effect of external reinsurance agreements and a Quota Share Reinsurance Agreement (QS Agreement) with affiliate, GeoVera Reinsurance Ltd. (GVR), a Cayman Islands reinsurance company. GVIC then cedes seventeen percent (17%) of the adjusted net combined liabilities back to the Company and 46.5% of the adjusted net combined liabilities back to CSIC. GVIC retains the remaining 36.5% of the pool’s adjusted net combined liabilities.

Quota Share Reinsurance Agreement

Effective March 1, 2014, the Company became party to a QS Agreement with GVR, whereby GVR accepted a sixty percent (60%) quota share participation in the net retained liabilities of the Company.

Effective March 1, 2019, and approved by the Department on May 24, 2019, the QS Agreement was amended (Addendum 1) to change the ceding commission paid by GVR to the Company from 32.75% to 34% of gross written premium on covered contracts less return premium.

Effective October 1, 2020, as approved by the Department on September 24, 2020, the QS Agreement was amended (Addendum 2) to decrease the quota share percentage from sixty percent (60%) to fifty percent (50%).

Effective August 21, 2021, and approved by the Department on February 1, 2022, “Article XXI, paragraph (g) – Exclusions” of the QS Agreement was amended as stated,

“g) Assumed treaty reinsurance. However, local agency reinsurance accepted in the normal course of business, and/or policies written by another carrier at the Company's request and reinsured by the Company will not be excluded hereunder.”

As of December 31, 2022, all other terms and conditions of the QS Agreement remain unchanged.

Ceded Reinsurance - Unaffiliated

The following table is a summary of the Company's unaffiliated reinsurance business in force as of December 31, 2022:

Type of Contract	Line(s) of Business	Reinsurer(s) and Participation	Company's Retention	Reinsurer's Limits
Catastrophe Excess of Loss (Earthquake Only) First Layer	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and Earthquake coverage	<u>Authorized:</u> Lloyd's Underwriters – Various (43.0%) Other reinsurers (9.0%) <u>Certified:</u> Arch Reinsurance Ltd. (25.0%) Hiscox Insurance Company (Bermuda) Limited (10.5%) MS Amlin AG Bermuda Branch (7.5%) <u>Unauthorized:</u> Chaucer Insurance Company DAC (Bermuda Branch) (5.0%)	\$5M ultimate net loss each loss occurrence	\$20 million excess of \$5 million ultimate net loss each loss occurrence \$20 million in aggregate
Catastrophe Excess of Loss Second Layer (A)	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and Earthquake coverage	<u>Authorized:</u> Markel Bermuda Limited (35.0%) Everest Reinsurance Company (10.0%) Lloyds of London – Various (3.5%) Other reinsurers (8.75%) <u>Unauthorized:</u> Aeolus Re. Ltd. (42.0%) MS Amlin AG Bermuda Branch (1.5%)	\$25M each loss occurrence	\$25 million excess of \$25 million ultimate net loss each loss occurrence \$50 million in aggregate
Catastrophe Excess of Loss Second Layer (B)	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and Earthquake coverage	<u>Authorized:</u> Markel Bermuda Limited (8.0%) Everest Reinsurance Company (10.0%) Hannover Rueck SE (10.0%) AXA XL Reinsurance Ltd. (10.0%) Lloyds of London – Various (12.5%) Other reinsurers (15.0%) <u>Certified:</u> Chubb Tempest Reinsurance Ltd. (3.0%) DaVinci Reinsurance Ltd. (9.0%) Renaissance Reinsurance Ltd. (6.0%) <u>Unauthorized:</u> Aeolus Re. Ltd. (8.0%) Other reinsurers (8.5%)	\$50M each loss occurrence	\$75M excess of \$50M each loss occurrence \$150M in aggregate
Catastrophe Excess of Loss Third Layer	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and earthquake coverage	<u>Authorized:</u> Markel Bermuda Limited (5.0%) AXA XL Reinsurance Ltd. (10.0%) Hannover Rueck SE (10.0%) Lloyds of London – Various (24.5%) Other reinsurers (18.25%) <u>Certified:</u> DaVinci Reinsurance Ltd. (6.60%) Renaissance Reinsurance Ltd. (4.40%) Chubb Tempest Reinsurance Ltd. (3.0%) Hiscox Insurance Company (Bermuda)	\$125M each loss occurrence	\$175M excess of \$125M each loss occurrence \$350M in aggregate

Type of Contract	Line(s) of Business	Reinsurer(s) and Participation	Company's Retention	Reinsurer's Limits
		Limited (3.0%) <u>Unauthorized:</u> MS Amlin AG Bermuda Branch (6.50%) Other reinsurers (8.75%)		
Catastrophe Excess of Loss Third Layer – Additional Coverage	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and earthquake coverage	<u>Authorized:</u> Ariel Syndicate No. 1910 (100.0%)	\$175M ultimate net loss	\$5 million excess of \$175 million ultimate net loss each loss occurrence \$5 million in aggregate
Catastrophe Excess of Loss Fourth Layer	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and earthquake coverage	<u>Authorized:</u> Allianz Risk Transfer AG (Bermuda Branch) (10.0%) Transatlantic Reinsurance Company (5.880%) Swiss Reinsurance America Corporation (5.50%) AXA XL Reinsurance Ltd. (5.0%) Lloyds of London – Various (28.0%) Other reinsurers (20.25%) <u>Certified:</u> Hiscox Insurance Company (Bermuda) Limited (3.0%) Other Reinsurers (2.50%) <u>Unauthorized:</u> MS Amlin AG Bermuda Branch (7.50%) Peak Reinsurance Company Limited (3.50%) Other reinsurers (8.87%)	\$300M each loss occurrence	\$200 million excess of \$300 million ultimate net loss each loss occurrence \$400 million in aggregate
Catastrophe Excess of Loss Fifth Layer	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and earthquake coverage	<u>Authorized:</u> Allianz Risk Transfer AG (Bermuda Branch) (5.0%) Everest Reinsurance Company (5.0%) Markel Bermuda Limited (10.0%) Transatlantic Reinsurance Company (9.875%) Lloyds of London – Various (34.215%) Other reinsurers (20.910%) <u>Certified:</u> Hiscox Insurance Company (Bermuda) Limited (3.0%) DaVinci Reinsurance Ltd. (3.0%) Renaissance Reinsurance Ltd. (2.0%)	\$25M each loss occurrence	\$50 million excess of \$25 million ultimate net loss each loss occurrence \$100 million in aggregate

Type of Contract	Line(s) of Business	Reinsurer(s) and Participation	Company's Retention	Reinsurer's Limits
		<u>Unauthorized:</u> Korean Reinsurance Company (3.0%) Qatar Reinsurance Company (3.0%) Other reinsurers (1.0%)		
Catastrophe Excess of Loss Sixth Layer	Personal Lines (including risks modeled as residential property), property portion of commercial lines, and earthquake coverage	<u>Authorized:</u> Allianz Risk Transfer AG (Bermuda Branch) (5.0%) AXA XL Reinsurance Ltd. (5.0%) Everest Reinsurance Company (5.0%) Transatlantic Reinsurance Company (18.845%) Lloyds of London – Various (24.715%) Other reinsurers (20.25%) <u>Certified:</u> Hiscox Insurance Company (Bermuda) Limited (3.0%) DaVinci Reinsurance Ltd. (1.5%) Renaissance Reinsurance Ltd. (1.0%) <u>Unauthorized:</u> MS Amlin AG Bermuda Branch (6.0%) Vermeer Reinsurance Ltd. (5.0%) Korean Reinsurance Company (2.19%) Other reinsurers (2.50%)	\$25M each loss occurrence	\$125 million excess of \$25 million ultimate net loss each loss occurrence \$125 million in aggregate
Catastrophe Excess of Loss Seventh Layer	Earthquake only	<u>Authorized:</u> Everest Reinsurance Company (5.0%) Munich Reinsurance America, Inc. (12.0%) Markel Bermuda Limited (3.77%) Lloyds of London – Various (34.21%) Other reinsurers (10.25%) <u>Certified:</u> Convex Re Limited. (3.77%) Fidelis Insurance Bermuda Limited (6.0%) Other reinsurers (9.0%) <u>Unauthorized:</u> Chaucer Insurance Company DAC (Bermuda Branch) (3.0%) MS Amlin AG Bermuda Branch (3.50%) Vermeer Reinsurance Ltd. (9.50%)	\$25M each loss occurrence	\$265 million excess of \$25 million ultimate net loss each loss occurrence \$265 million in aggregate
Catastrophe Excess of Loss Eighth Layer	Earthquake only	<u>Authorized:</u> Lancashire Insurance Company Limited (83.0%) Lloyds of London – Various (17.0%)	\$25M each loss occurrence	\$60 million excess of \$25 million ultimate net loss each loss occurrence \$60 million in aggregate

Type of Contract	Line(s) of Business	Reinsurer(s) and Participation	Company's Retention	Reinsurer's Limits
Catastrophe Excess of Loss Ninth Layer	Earthquake only	<u>Certified:</u> DaVinci Reinsurance Ltd. (13.50%) Renaissance Reinsurance Ltd. (9.0%) <u>Unauthorized:</u> Vermeer Reinsurance Ltd. (77.50%)	\$25M each loss occurrence	\$75 million excess of \$25 million ultimate net loss each loss occurrence \$75 million in aggregate
Catastrophe Excess of Loss	Earthquake Only	<u>Authorized:</u> Partner Reinsurance Company Ltd. (6.50%) Swiss Reinsurance America Corporation (12.50%) The Cincinnati Insurance Company (5.00%) Lloyds of London – Various (17.16%) Other reinsurers (12.50%) <u>Certified:</u> Arch Reinsurance Ltd. (6.66%) Fidelis Insurance Bermuda Limited (3.69%) Other reinsurers (6.66%) <u>Unauthorized:</u> American Agricultural Insurance Company (1.0%) Chaucer Insurance Company DAC (Bermuda Branch) (3.33%)	\$75M	\$150 million excess of \$75 million ultimate net loss each loss occurrence \$150 million in aggregate
Automatic Facultative per Risk	Property portion of commercial lines business	<u>Certified:</u> Arch Reinsurance Company (100%)	\$5M one risk each loss occurrence	\$5 million excess of \$5 million ultimate net loss one risk each loss occurrence \$10 million as respects all risks involved in any one loss occurrence.

FINANCIAL STATEMENTS

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

- Statement of Assets and Liabilities as of December 31, 2022
- Statement of Income for the Year Ended December 31, 2022
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2018, to December 31, 2022

Statement of Assets and Liabilities
As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 79,934,659	\$ -	\$ 79,934,659
Cash, cash equivalents and short-term investments	54,233,785		54,233,785
Receivables for securities	73		73
Subtotals, cash and invested assets	<u>\$ 134,168,517</u>	<u>\$ -</u>	<u>\$ 134,168,517</u>
Investment income due and accrued	303,005		303,005
Uncollected premiums and agents' balances in the course of collection	8,957,118	3,718	8,953,400
Deferred premiums, agents' balance booked but not due	10,355,270		10,355,270
Amounts recoverable from reinsurers	8,266,078		8,266,078
Other amounts receivable under reinsurance companies	35,816,729		35,816,729
Current federal and foreign income tax recoverable and interest thereon	29,595		29,595
Net deferred tax asset	1,596,590	185,359	1,411,231
Electronic data processing equipment and software	194,042	200	193,842
Furniture and equipment	100,564	100,564	
Receivable from parent, subsidiaries and affiliates	2,455,519		2,455,519
Aggregate write-ins for other than invested assets:			
Funds held for settlement of claims	1,566,307		1,566,307
Return commissions due from agents	17,060		17,060
Other receivables	9,679		9,679
Prepaid assets	27,961	27,961	
Total	<u><u>\$ 203,864,034</u></u>	<u><u>\$ 317,802</u></u>	<u><u>\$ 203,546,232</u></u>

GeoVera Specialty Insurance Company

		<u>Notes</u>
Losses	\$ 4,888,873	1
Reinsurance payable on paid losses and LAE	446,603	
Loss adjustment expenses	1,863,793	1
Commissions payable, contingent commissions	1,218,447	
Other expenses	108,432	
Taxes, licenses and fees	23,876	
Unearned premiums	15,062,062	
Advanced premiums	1,027,325	
Ceded reinsurance premiums payable	71,485,887	
Funds held by company under reinsurance treaties	67,688,595	
Remittances and items not allocated	9,584	
Payable to parent, subsidiaries, and affiliates	10,467,924	
Aggregate write-ins for liabilities:		
Deferred reinsurance commission	1,859,580	
Other liabilities	3,855,257	
Total liabilities	<u>\$ 180,006,238</u>	
Common capital stock	5,000,000	
Gross paid in and contributed surplus	13,013,114	
Unassigned funds (surplus)	5,526,880	
Surplus as regards policyholders	<u>\$ 23,539,994</u>	
Totals	<u><u>\$ 203,546,232</u></u>	

Statement of Income
For the Year Ended December 31, 2022

Underwriting Income	
Premiums earned	<u>\$ 19,877,795</u>
Deductions	
Losses incurred	\$ 4,906,280
Loss adjustment expenses incurred	1,612,059
Other underwriting expenses incurred	<u>8,585,836</u>
Total underwriting deductions	<u>\$ 15,104,175</u>
Net underwriting gain (loss)	<u>\$ 4,773,620</u>
Investment Income	
Net investment income earned	493,501
Net realized capital gains or (losses)	<u>(1,358,900)</u>
Net investment gain (loss)	<u>\$ (865,399)</u>
Other Income	
Net gain (loss) from agents' or premiums balances charged off	\$ (31,144)
Finance and service charges not included in premiums	10,559
Aggregate write-ins for miscellaneous income:	
Loss on disposal of fixed assets	(141)
Other income	<u>250,259</u>
Total other income	<u>\$ 229,533</u>
Net income before dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	<u>\$ 4,137,754</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>\$ 4,137,754</u>
Federal and foreign income taxes incurred	<u>990,776</u>
Net income	<u><u>\$ 3,146,978</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2018, to December 31, 2022

	Common Capital Stock	Gross Paid-in and Contributed Surplus	Unassigned Surplus	Total
12/31/18	\$ 5,000,000	\$ 13,013,114	\$ 2,195,797	\$ 20,208,911
12/31/19 (1)			2,630,878	2,630,878
12/31/19 (2)			68,200	68,200
12/31/19 (3)			(1,030,424)	(1,030,424)
12/31/20 (1)			(653,846)	(653,846)
12/31/20 (2)			(102,179)	(102,179)
12/31/20 (3)			(2,515,503)	(2,515,503)
12/31/21 (1)			2,016,490	2,016,490
12/31/21 (2)			(402,896)	(402,896)
12/31/22 (1)			3,146,978	3,146,978
12/31/22 (2)			173,385	173,385
	<u>\$ 5,000,000</u>	<u>\$ 13,013,114</u>	<u>\$ 5,526,880</u>	<u>\$ 23,539,994</u>

- (1) Net income
- (2) Change in net unrealized capital gains or (losses), change in net deferred income tax, and change in nonadmitted assets
- (3) Dividends to stockholders

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	\$ 4,888,873
Loss Adjustment Expenses	\$ 1,863,793

The examination liability for the aforementioned captioned items of \$4,888,873 and \$1,863,793 are the same as reported by the Company as of December 31, 2022. The examination analysis of Loss and Loss Adjustment Expense reserves was conducted in accordance with Generally Accepted Actuarial Principles and Statutory Accounting Principles, including NAIC

Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principle No. 55 (SSAP No. 55).

SUBSEQUENT EVENTS

Affiliated Agreements

Effective October 1, 2023, the General Agency Agreement between the Company and GVA was amended to add an additional surplus lines product (commercial residential) and territory (Florida) to the agreement. The amendment was approved by the Department on September 19, 2023.

Dividend

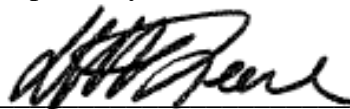
On December 22, 2023, the Company paid an ordinary cash dividend to its direct parent, GVH, in the amount of \$3, 146,978, in compliance with 18 *Del. C.* § 5004 (e).

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

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

Respectfully submitted,



Darryl Reese, CFE
Examiner In-Charge
State of Delaware



James M. Perkins, CFE
Supervising Examiner
State of Delaware

I, Darryl Reese, 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. 23.021.

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

Darryl Reese, CFE
Examiner In-Charge
State of Delaware