REPORT ON EXAMINATION

OF THE

CATLIN INDEMNITY COMPANY

AS OF

DECEMBER 31, 2012

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT OF EXAMINATION, made as of December 31, 2012 of the

CATLIN INDEMNITY COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: Brandi Biddle

Date: June 3, 2014

Insurance Commissioner of the State of Delaware

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 3rd day of June, 2014.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

REPORT OF EXAMINATION

OF THE

CATLIN INDEMNITY COMPANY

AS OF

DECEMBER 31, 2012

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.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 3rd day of June, 2014

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SALUTATION

April 2, 2014

Honorable Karen Weldin Stewart, CIR-ML
Delaware Insurance Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Boulevard
Dover, Delaware 19904

Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 13.019, dated March 25, 2013, an Association examination has been made of the affairs, financial condition and management of the

CATLIN INDEMNITY COMPANY

hereinafter referred to as "Company" or "CIND" incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at 160 Greentree Dr., Suite 101, Dover, Delaware 19904. The examination was conducted at the main administrative office of the Company, located at 3340 Peachtree Rd. NE, Suite 2950, Atlanta, GA 30326. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed a multi-state examination of the Company. The last examination of the Company was conducted as of December 31, 2008 by the State of Wisconsin, Office of the Commissioner of Insurance. This examination covers the period since that date through December 31, 2012, including any material transactions and/or events noted occurring subsequent to December 31, 2012.

This examination was conducted in accordance with the National Association of Insurance Commissioners *Financial Condition Examiners Handbook* (NAIC Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Laws and Regulations of the State of Delaware. The NAIC Handbook requires the examiners perform an examination to evaluate the financial condition and identify prospective risks of the Company. In doing so, the examiners reviewed corporate governance, identified inherent risks of the Company, and evaluated the controls and procedures used to mitigate the identified risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, and the Company's compliance with Statutory Accounting Principles and applicable annual statement instructions.

Concurrent with this examination, statutory exams of the Company's subsidiary Catlin Insurance Company, Inc. (CICI) and affiliate Catlin Specialty Insurance Company (CSIC) were conducted as of December 31, 2012. CSIC is domiciled in Delaware and CICI is domiciled in Texas. Together, the companies are a part of the Catlin Holding Company Group and make up Catlin US, an underwriting platform that encompasses all of Catlin's statutory insurance operations in the United States. The Catlin US statutory entities participate in an intercompany pooling arrangement and utilize the same accounting, information technology, and primary administrative systems. To improve efficiency of the examination process and avoid duplication of work, the exams were fully coordinated.

The Company's external auditor, PricewaterhouseCoopers, LLC (PwC), made available for review all work papers pertinent to its audit of the CIND financial statements for the year ended December 31, 2012. Certain work papers prepared by the external accounting firm were incorporated into the examiners work papers if deemed appropriate and in accordance with the NAIC Handbook.

In addition to items hereinafter incorporated as a part of this report, the following were reviewed without exception and made part of the work papers of this examination:

Fidelity Bonds and Other Insurance
Officers, Employees and Agents' Welfare
Pensions, Stock Ownership and Insurance Plans
NAIC Ratios
Legal Actions
All Asset & Liability items not mentioned in this report

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings.

COMPLIANCE WITH PRIOR REPORT RECOMMENDATIONS

There were no necessary actions needed to comply with the 2008 examination report issued by the State of Wisconsin, Office of the Commissioner of Insurance.

SUBSEQUENT EVENTS

On December 31, 2013, the Company was acquired by CSIC from Catlin, Inc. The acquisition was completed as a capital contribution to CSIC and was approved by the Delaware Department of Insurance.

HISTORY

The Company was established in 1845 as Mutual Insurance Company of Washington County, Maryland. It was reorganized as a stock company on June 6, 1928. The Company underwent a series of name changes until April 22, 1964; the company changed its name to Blue Ridge Insurance Company (BRIC).

Over 70% of the outstanding stock of the Company was purchased by Republic Insurance Company (RIC) in July 1963. RIC continued to increase its ownership in BRIC and by the end of 1973 it owned 100% of the capital stock of the company. On December 9, 1982, all of the outstanding stock of Republic Financial Services, Inc. (RFSI), RIC's parent, was acquired by Winterthur U.S. Holdings, Inc. (Winterthur US). Winterthur US was a wholly owned subsidiary of Winterthur Swiss Insurance Company.

A series of restructuring and acquisitions were held, and as a result, BRIC redomesticated to Connecticut in 1995. Winterthur US became BRIC's immediate parent in 1997 and Credit Suisse Group became BRIC's indirect wholly owning parent.

On April 1, 2001, Winterthur US contributed 100% of the capital stock of BRIC to General Casualty Company of Wisconsin (GCWI). On August 11, 2003, the company redomesticated from Connecticut to Wisconsin.

Effective December 22, 2006, Credit Suisse Group finalized the sale of Winterthur Swiss Insurance Company to AXA. Subsequently, effective May 31, 2007, AXA finalized the sale of Winterthur US and its consolidated subsidiaries to QBE Holdings, Inc., a subsidiary of Australian-based QBE Insurance Group Limited (QBE Limited). Winterthur US was renamed QBE Regional Companies (N.A.), Inc. (QBE Regional).

On January 1, 2011, Catlin, Inc. purchased BRIC from GCWI. Effective February 28, 2011, Blue Ridge Insurance Company's name was changed to Catlin Indemnity Company and was redomesticated from Wisconsin to Delaware.

On December 31, 2011, CIND acquired CICI from Catlin, Inc. The acquisition was completed as a capital contribution and was approved by the Delaware and Texas Departments of Insurance.

The Company is currently authorized as a stock insurer to transact the business of health, property, surety, casualty, and marine and transportation insurance, as defined in 18 Del. C. § 903 "Health insurance" defined," 18 Del. C. § 904 "Property insurance" defined," 18 Del. C. §

905 "Surety insurance" defined," 18 Del. C. § 906 "Casualty Insurance" defined," and 18 Del. C. § 907 "Marine and transportation, "wet marine" insurance" defined." The business of the Company includes property and casualty insurance, primarily providing commercial specialty business that complements the writings of CICI.

Capitalization

During the period under examination, the Company did not receive any capital contributions. The Company did pay an extraordinary dividend of $30 million and a $5 million return of capital to GCWI upon approval from the state of Wisconsin in 2009.

Through approval of a permitted practice by the Commissioner of Insurance of the State of Delaware, the Company reset its December 31, 2010 unassigned funds deficit to $0 via quasi-reorganization. The impact of the restatement due to the quasi-reorganization was as follows.

	Pre Quasi-Reorganzation		Post Quasi-Reorganzation	
	Unassigned Surplus	**Gross Paid-in Capital**	**Unassigned Surplus**	**Gross Paid-in Capital**
2010	$ (63,438,288)	$ 70,721,266	$ (236,997)	$ 7,519,975

On January 17, 2011, the Company amended its Articles of Incorporation to increase the par value of its common capital stock from $2.00 per share to $2.33 1/3 per share. As a result of the amendment, the stated capital increased by a transfer of $600,000 from gross paid in capital and surplus to common stock. At December 31, 2012, there were 1,800,000 shares issued and outstanding, resulting in total capital stock of $4,200,000.

At December 31, 2012, all the outstanding shares of the Company's common stock were owned by Catlin Inc., which in turn is ultimately owned by Catlin Group Limited, a Bermuda holding company traded on the London Stock Exchange under the symbol "CGL".

The Company did not hold any surplus notes and had not borrowed any money during the exam period.

CORPORATE RECORDS

The recorded minutes and written resolutions of the Company's shareholders and Board of Directors 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 the authorization of investments as required by 18 Del.C. §1304 "Authorization; record of investments".

A review of the Insurance Holding Company Annual Registration Statement filings (Form B and Form C*)* made by and on behalf of the Company for all years under examination revealed that the Company had complied with the requirements of 18 Del. Admin. Code 1801.

MANAGEMENT AND CONTROL

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 business of the Company shall be managed by the Board. The bylaws provide that the number of directors that shall constitute the whole Board shall not be less than three members or more than fifteen. Each director shall be elected for a term of one year and until such director's successor is elected and qualified.

The Board, by vote of a majority of the whole Board, may from time to time designate one or more committees. The bylaws provide that the committees shall keep regular minutes of their meetings and the findings of the committees shall be reported to the Board.

At December 31, 2012, the members of the Board of Directors together with their principal business affiliations were as follows:

Name	Principal Occupation
Stephen John Oakley Catlin	Chief Executive Officer and Deputy Chairman of Catlin Group Limited
Andrew Neil McMellin	President and Chief Executive Officer of Catlin US
Vincent Anthony Brazauskas	Senior Vice President of Catlin US
Peter Walter Presperin	Senior Vice President and Chief Financial Officer of Catlin US
Nicholas James Greggains	Senior Vice President and Chief Underwriting Officer - Insurance of Catlin US
Joseph Stephen Horan	Chief Underwriting Officer - Reinsurance of Catlin US
Robert Clark Gowdy	Consultant

The minutes of the meetings and written resolutions of the shareholders and Board of Directors during the period under examination were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted.

Receipt by the Board of Directors of the Report on Examination as of December 31, 2008 was noted in the minutes of the Board of Directors.

Committees

Article III, Section 1 of the amended and restated bylaws, states: "The Board of Directors, by vote of a majority of the whole Board, may from time to time designate committees of the Board…" However, as of December 31, 2012, the Board had not designated any committees.

During the period covered by this examination, the Company did not have a formally designated audit committee. However, the Company has designated Catlin Group Limited's audit committee to serve as the audit committee commencing January 1, 2014. All of Catlin

Group Limited's audit committee members are considered non-executive and independent members.

Officers

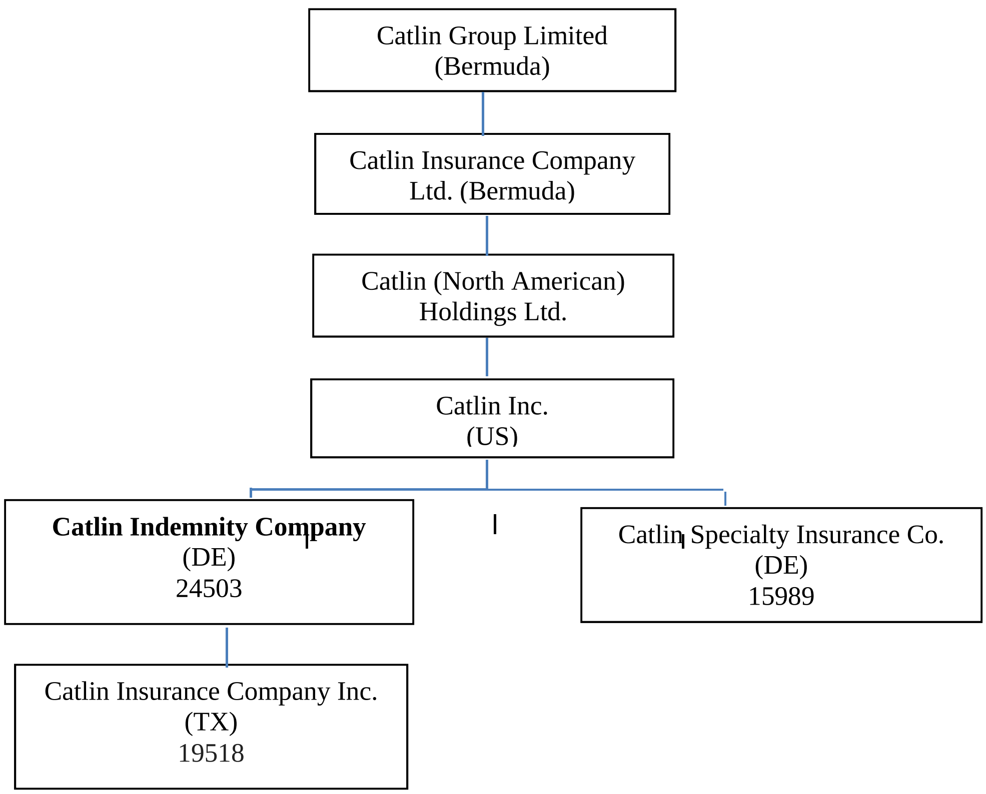
The bylaws state that the officers of the corporation shall consist of a President, a Secretary, a Treasurer, and may, at the discretion of the Board of Directors, include one or more Executive Vice Presidents and a Chief Executive Officer. The following persons were elected as officers and were serving in that capacity at December 31, 2012:

Name	**Principal Occupation**
Andrew Neil McMellin	President and Chief Executive Officer
Steven Collyer Adams	Secretary
Peter Walter Presperin	Senior Vice President and Chief Financial Officer
Richard Harold Miller	Senior Vice President and Chief Administrative Officer
Nicholas James Greggains	Senior Vice President and Chief Underwriting Officer
Vincent Anthony Brazauskas	Senior Vice President
Penelope Ann Foltz	Vice President, Regulatory Compliance
Thomas Gerard Ford	Vice President, Human Resources
Kenneth Peter Meagher	Vice President and Assistant Secretary
Cerina Lynne Stein	Assistant Vice President, Regulatory Compliance
Robert Joseph Eells, Jr.	Assistant Vice President, Regulatory Compliance

It was noted that written correspondence was submitted to the Delaware Department of Insurance in regards to the changes in officers and directors during the period under examination in compliance with 18 Del. C. §4919.

Holding Company System

The Company is a member of an insurance holding company system as defined under Chapter 50, “Insurance Holding Companies” of the Delaware Insurance Code. The Company is a wholly owned subsidiary of Catlin, Inc. Catlin, Inc. is a wholly owned subsidiary of Catlin North American Holdings, Ltd, whose ultimate parent is Catlin Group Limited. The following depicts an abbreviated organizational chart of the Company’s relationship within the holding company system at December 31, 2012.



Intercompany Agreements

The Company is party to several inter-company agreements and transactions, which were disclosed in the Form B filings with the Delaware Insurance Department.

Intercompany Services and Cost Allocation Agreement

Effective April 1, 2011, this agreement is between Catlin, Inc. and its subsidiaries. Under terms of this agreement, companies charge Catlin, Inc. and its subsidiaries for claims, underwriting, and operation support services incurred by the Company. In addition, Catlin, Inc. charges the companies for certain retirement benefits related to employees providing services to the companies.

Investment Management Services Agreement

This agreement was effective April 1, 2012 between CIND and Catlin Group Limited. Under this agreement, Catlin Group Limited agrees to be the Investment Manager for CIND and set forth investment guidelines and investment framework.

Tax Sharing Agreement

This agreement was effective April 1, 2011. Companies that are part of Catlin US file a consolidated federal tax return under a Tax Sharing Agreement. The tax sharing agreement allows the companies within the consolidated group to receive the benefit for any tax assets they may be entitled to, even if the holding company, Catlin Inc., may not be able to currently take advantage of this benefit when it files a consolidated tax return.

Intercompany Pooling Agreement

Entered into on December 31, 2009 and revised April 1, 2011, this agreement is between CSIC, CIND and CICI. Under this agreement, CIND and CICI cede 100% of all written premium to CSIC, who as the pool leader, will enter into reinsurance contracts for the benefit of the pool. After placing reinsurance, CSIC cedes premiums remaining back to the pool members based on their pooling percentages: CSIC: 60%, CICI: 35%, and CIND: 5%.

Outward Agreement for Reinsurance

This agreement was effective January 1, 2011 between CIND and Catlin Group Limited. Under this agreement, Catlin Group Limited provides services to CIND in order to establish an appropriate outwards reinsurance program, including analysis of needs, assessment of counterparty strength, and negotiation of contracts, claim recovery, settlements, and reporting.

TERRITORY AND PLAN OF OPERATION

At December 31, 2012, the Company was licensed to transact multiple lines of insurance business in 46 states and the District of Columbia. The Company writes direct admitted business with the largest volumes in Georgia, Illinois, Indiana, Kentucky and Pennsylvania.

The Company is engaged in the business of property casualty insurance, primarily writing educators and law enforcement liability. As a commercial specialty carrier, the Company writes business that complements the writings of CICI, an affiliated company.

The Company is a part of Catlin US, an underwriting platform encompassing all of Catlin's operations in the United States. Catlin US offers coverage written on both an admitted and non-admitted basis. Admitted coverage is written by CICI and CIND and non-admitted coverage is written by CSIC.

Catlin US generates insurance premium revenues through its underwriting function with offices spread out across the United States. Core lines of insurance business offered include:

- General Casualty
- Professional Liability
- Professional Liability Commercial Errors & Omissions (Lawyers, Accountants, Insurance Agents, Technology, Miscellaneous)
- Healthcare Liability (Medical Malpractice)
- Construction Professional (Architects & Engineers, Owners & Contractors Professional)
- Inland & Ocean Marine
- Aviation
- Energy
- Environmental

- Equine

The Company's underwriting operations are handled in offices spread throughout the country. There are 18 various underwriting offices, with some of the largest production coming from Atlanta, Boston, California, Cleveland, Hartford, Houston, New York, San Antonio, and Scottsdale.

Catlin US utilizes multiple distribution systems which vary with specific products and/or business units. There is no internal sales force and business is typically written through wholesalers, retailers or managing general underwriters (MGU). Business is written through independent agents and brokers. None of the independent agents or brokers are exclusive to Catlin, and Catlin receives submissions either directly from a retail agent/broker or through a wholesale agent/broker who is assisting the retail agent/broker with their insurance placement. The other distribution method used is through a MGU who offers a specific insurance product(s) written exclusively by one of the Catlin companies. The MGU would work directly with an independent agent/broker on the placement of the insurance.

GROWTH OF THE COMPANY

The following information was extracted from copies of the Company's filed Annual Statements, for each year indicated, and covers the period from the Company's last examination.

Year	Net Admitted Assets	Total Liabilities	Total Capital and Surplus	Net Written Premiums	Net Income / (Loss)
2012	$96,506,701	$19,958,620	$76,548,081	$5,304,801	$133,931
2011	85,271,946	9,268,276	76,003,670	(1,235,185)	948,307
2010	33,517,677	22,871,695	10,645,981	21,985,468	(410,468)
2009	11,354,453	0	11,354,453	(26,308,621)	394,138
2008	142,318,786	98,878,794	43,439,992	54,336,053	9,380,964

The following contributed to the Company's change during the period covered by the exam:

- Upon QBE Holdings, Inc.'s purchase of Winterthur US, the Company's former immediate parent, the Company became a part of an intercompany pooling agreement. This pooling agreement called for the entire net business in force of participating companies to be ceded to GCWI and then redistributed between participants on a pro rata basis. In 2008 the Company had a pool share of 6%, in 2009 a 0% share and in 2010 a 1.5% share, thus causing the large swings in the financials.
- On May 26, 2009, the Company paid an extraordinary dividend of $30 million to GCWI upon approval from the state of Wisconsin.
- On November 5, 2009, the Company paid a return of capital of $5 million to GCWI upon approval from the state of Wisconsin.
- On January 1, 2011, Catlin, Inc. purchased the Company from GCWI. Prior to the effective date of the Purchase Agreement, GCWI and the Company terminated the intercompany pooling agreement. All the reinsurance balances were unwound and settled. As a condition to the purchase agreement and in conjunction with the termination of the intercompany pooling agreement, GCWI signed a 100% quota share reinsurance agreement with the Company, in which GCWI would reinsure all the activity for business written by the Company prior to January 1, 2011. In addition, the 100% quota share reinsurance agreement with GCWI called for a loss portfolio transfer of the policy liabilities (loss reserves and unearned premium reserves) as of January 1, 2011 from the Company to GCWI.
- Effective April 1, 2011, the Company participates in the Catlin US Intercompany Pooling Agreement. Under the agreement, 100% of all pool member's premiums, losses, insurance expenses and other related underwriting activity are ceded to the pool leader,

CSIC. The pool leader purchases external reinsurance and the net, after reinsurance, is then pooled and a retrocession is made to each pool member in proportion its pool year participation percentage. The Company's participation percentage is 5%.

- As of December 31, 2011, the Company had not commenced writing direct business.
- The Company, through approval of a permitted practice by the Commissioner of Insurance of the State of Delaware, reset its December 31, 2010 unassigned funds deficit to $0 via quasi-reorganization.
- From 2011 to 2012, further changes were related to the commencement of the Company establishing its first books of business which commenced writing in 2012 and the overall growth of Catlin US.

LOSS EXPERIENCE

Losses and Loss Adjustment Expenses reserves during the exam period were as follows:

	Losses	Loss Adjustment Expense
December 31, 2008	50,625,428	12,367,275
December 31, 2009	-	-
December 31, 2010	11,841,758	2,797,782
December 31, 2011	3,694,687	1,923,214
December 31, 2012	4,687,731	2,330,478
Increase / (Decrease)	(45,937,697)	(10,036,797)

The fluctuations in reserves from 2008 to 2010 were due to the participation in QBE's intercompany pooling agreement. In 2011, the Company was purchased by Catlin, Inc. and began participation in the Catlin Intercompany Pooling Agreement. The results of loss development are the result of an ongoing analysis of loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

REINSURANCE

The Company reported the following written and assumed premiums for 2012.

Direct		$ 34,382,454
Assumed:		
Affiliates	$ 5,304,803	
Non-Affiliates	11,634,863	
Total Assumed		16,939,666
Ceded:		
Affiliates	$ 46,017,177	
Non-Affiliates	142	
Total Ceded		46,017,319
Total Net Premiums		$ 5,304,801

External Agreements

The Company assumes external premium from Wright Specialty Insurance Agency, LLC. This agreement was put into place before the Company had obtained appropriate licenses to write business on its books. Wright Specialty Insurance Agency, LLC is the MGA authorized to solicit and bind risks covering educational institutions, including but not limited to, public or private K-12 schools, charter schools, and public and private colleges or universities.

The Company is also party to a 100% quota share reinsurance agreement with GCWI, in which GCWI will reinsure all the activity for business written by the Company prior to January 1, 2011. In addition, the 100% quota share agreement called for a loss portfolio transfer of the policy liabilities (loss reserve and unearned premium reserves) as of January 1, 2011 from the Company to GCWI.

Internal Agreements

Internal assumed and ceded premiums are related to the Catlin US Intercompany Pooling Agreement (Pooling Agreement), effective December 31, 2009 and revised April 1, 2011. Under this agreement, CIND and CICI cede 100% of all written premium to CSIC, who as the pool leader will enter into reinsurance contracts for the benefit of the pool. After placing reinsurance, CSIC cedes premiums remaining back to the pool members based on their pooling percentages: CSIC: 60%, CICI: 35%, and CIND: 5%.

ACCOUNTS AND RECORDS

The Company maintains its records on a combination of client server, host, and network applications which utilize various reporting systems to record and report financial information.

The accounts and records review included an evaluation of the Company's operational and organizational controls. The areas evaluated included computer systems, accounting systems, organizational structure, management and compliance. The general ledger account balances were reconciled and traced to amounts reported in the Annual Statement for the most recent year under review. All balance sheet accounts were summarized and traced to the appropriate asset exhibits and liability lines within the Annual Statement.

The accounts and records review also included an assessment of the Company’s risk management process in identifying and controlling risks in the key operational areas of the Company. In making the assessment in each key area, processes were reviewed, risks were identified, operational and organizational controls were identified and tested and the Company’s methodology for assessing the effectiveness of the established mitigation factors was evaluated.

The independent certified public accounting firm, PricewaterhouseCoopers, LLP, audited the Company’s records for all years under examination. Audit reports and applicable work papers were made available for the examiners’ use. PwC reviewed the internal control structure in order to establish necessary audit procedures required to express an opinion on the December 31, 2012 financial statements. No material qualifying deficiencies were found to exist in either the design or oversight of the internal control structure.

Based on the examination review of the Company's accounts and records related to its filed Annual Statement, observations, discussions with management, and our review of financial reporting processes and controls, the Company's accounting systems, processes and procedures were found to conform to required insurance accounting practices.

STATUTORY DEPOSITS

The following statutory deposits were on file with the following states:

	Deposit for the Benefit of All Policyholders		All Other Special Deposits	
State	Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value
Delaware	$ 2,701,249	$ 2,731,428		
Kansas			$ 10,903	$ 11,145
Massachusetts			199,288	233,144
Nevada			209,067	213,693
New Mexico			340,664	360,384
North Carolina			317,778	318,667
Tennessee			106,680	107,631
TOTAL DEPOSITS	$ 2,701,249	$ 2,731,428	$ 1,184,380	$ 1,244,664

FINANCIAL STATEMENTS

The following pages contain a statement of assets, liabilities, surplus and other funds as of December 31, 2012, as determined by this examination, along with supporting exhibits as detailed below:

- Assets
- Liabilities, Surplus and Other Funds
- Summary of Operations
- Capital and Surplus Account
- Reconciliation of Capital and Surplus for the Examination Period
- Schedule of Examination Adjustments

Assets

As of December 31, 2012

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 16,615,724		$ 16,615,724
Common stocks	64,056,188		64,056,188
Cash equivalents and short-term investments	4,227,508		4,227,508
Receivable for securities	608		608
Investment income due and accrued	77,044		77,044
Premiums and considerations:			-
Uncollected premiums and agents' balances	2,622,558	5,394	2,617,164
Deferred premiums, agents' balances and installments	1,137,814		1,137,814
Reinsurance:			-
Amounts recoverable from reinsurers	2,737,092		2,737,092
Funds held by or deposited with reinsured companies			-
Current federal and foreign income tax recoverable & interes	-		-
Net deferred tax asset	1,296,052	713,224	582,828
Receivable from parent, subsidiaries and affiliates	4,449,515		4,449,515
Aggregate write-ins	10,573	5,357	5,216
Total Assets excluding Separate Accounts	$ 97,230,676	$ 723,975	$ 96,506,701
From Separate Accounts	-	-	-
Total	$ 97,230,676	$ 723,975	$ 96,506,701

Liabilities, Surplus and Other Funds
As of December 31, 2012

Liabilities, Surplus and Other Funds		Notes
Losses	$ 4,687,731	1
Reinsurance payable on paid losses and loss adjustment expenses	271,454	
Loss adjustment expenses	2,330,478	1
Commissions payable, contingent commissions and other	-	
Other expenses	81,764	
Taxes, licenses and fees	541,688	
Current federal and foreign income taxes	190,529	
Net deferred tax liability	-	
Unearned premiums	2,697,947	
Ceded reinsurance premiums payable	1,128,003	
Funds held by company under reinsurance treaties	3,398,460	
Provision for reinsurance	-	
Payable to parent, subsidiaries and affiliates	3,972,292	
Aggregate write ins	658,274	
Total liabilities excluding Separate Accounts	19,958,620	
From Separate Accounts	-	
Total Liabilities	$ 19,958,620	
Common capital stock	$ 4,200,000	
Preferred capital stock	-	
Surplus notes	-	
Gross paid-in and contributed surplus	70,168,137	
Aggregate write-ins for special surplus funds	-	
Unassigned funds	2,179,944	
Surplus	$ 76,548,081	
Total Liabilities, Capital and Surplus	$ 96,506,701	

Summary of Operations
As of December 31, 2012

Underwriting Income		
Premiums Earned	$	4,915,969
Losses incurred		2,584,786
Loss adjustment expenses incurred		916,959
Other underwriting expenses incurred		1,241,623
Aggregate write-ins for underwriting deductions		2,567
Net underwriting gain (loss)		170,034
Investment Income		
Net investment income earned	$	117,338
Net realized capital gains		14,154
Net investment income		131,492
Other Income		
Net gain (loss) from agents' or premium balances charged off	$	(477)
Aggregate write-ins for miscellaneous income		-
Total other income		(477)
Net income before dividends to policyholders and before federal tax	$	301,049
Dividends to policyholders		-
Federal and foreign income taxes incurred		167,118
Net income	$	133,931

Capital and Surplus Account

As of December 31, 2012

Capital and Surplus, December 31, prior year	$	76,003,670
Net income (loss)		133,931
Change in net unrealized capital gains or (losses)		
less capital gains tax		334,032
Change in net unrealized foreign exchange capital gain (loss)		-
Change in net deferred income tax		34,531
Change in nonadmitted assets		65,117
Change in provision for reinsurance		-
Cumulative effect of changes in accounting principles		-
Capital Changes:		-
Paid In		-
Surplus Adjustment:		
Paid In		-
Dividends to stockholders		-
Aggregate write-in for gains and losses in surplus		(23,200)
Net change in capital and surplus for the year		544,411
Capital and surplus, December 31, current year	$	76,548,081

Reconciliation of Capital and Surplus
From December 31, 2008 to December 31, 2012

Capital and Surplus, December 31, 2008			$ 43,439,992
Net income (Loss)			1,065,908
Additions:			
	Change in net unrealized capital gains	1,933,926	
	Change in net deferred income tax	567,725	
	Change in nonadmitted assets	4,089,970	
	Change in provision for reinsurance	192,600	
	Cumulative effect of changes in accounting principles	-	
	Capital Changes: Transferred from surplus	600,000	
	Surplus Adjustment: Paid-in	63,722,156	
	Aggregate write in for gains and losses	2,162,897	
	Total Additions		73,269,274
Deductions:			
	Change in net unrealized capital gains	-	
	Change in net deferred income tax	(4,772,693)	
	Change in nonadmitted assets	(72,165)	
	Change in provision for reinsurance	-	
	Surplus Adjustment: Paid-in	(5,000,000)	
	Surplus Adjustment: Transferred to capital	(600,000)	
	Dividends to stockholders	(30,000,000)	
	Aggregate write in for gains and losses	(782,233)	
	Total Deductions		(41,227,091)
Capital and Surplus, December 31, 2012			$ 76,548,083

Schedule of Examination Adjustments

There were no examination adjustments.

NOTES TO FINANCIAL STATEMENTS

(Note 1)	**Losses**	**$4,687,731**
	Loss Adjustment Expenses	**$2,330,478**

The above-captioned amounts, which are the same as those reported by the Company in its Annual Statement, have been accepted for purposes of this report.

The Delaware Department of Insurance retained the services of INS Consultants (INS), to conduct an independent review of the Company's loss and LAE reserves as of December 31, 2012. The INS analysis was performed using a risk-focused approach according to the guidelines contained in the NAIC Handbook. The review does not address the collectability of reinsurance recoverable.

The conclusions set forth in the INS report are based on information provided by the Company, including the 2012 Annual Statements and the related 2012 Statement of Actuarial Opinion with underlying actuarial work papers.

INS performed an analysis of Catlin US Pool's book of business on both a gross and a net basis for loss, defense and cost containment expense, and adjusting and other expense.

In INS' opinion, Company booked net loss and LAE reserves as of December 31, 2012 are reasonably stated.

SUMMARY OF RECOMMENDATIONS

No examination report recommendations were noted as a result of this examination.

CONCLUSION

The following schedule shows a comparison of the results from the December 31, 2008 examination to the 2012 Annual Statement balances, with changes between:

Description	December 31, 2008	December 31, 2012	Increase (Decrease)
Assets	$ 142,318,786	$ 96,506,701	$ (45,812,085)
Liabilities	$ 98,878,794	$ 19,958,620	$ (78,920,174)
Common Capital Stock	$ 3,600,000	$ 4,200,000	$ 600,000
Surplus Notes	-	-	-
Gross paid in and contributed surplus	75,721,266	70,168,137	(5,553,129)
Aggregate Write-in for special surplus funds	-	-	-
Unassigned funds (surplus)	(35,881,274)	2,179,944	38,061,218
Total Capital and Surplus	$ 43,439,992	$ 76,548,081	$ 33,108,089
Total Liabilities, Capital and Surplus	$ 142,318,786	$ 96,506,701	$ (45,812,085)

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, PWC, the coordination with the Texas Department of Insurance, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,

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