REPORT ON EXAMINATION

OF THE

ENDURANCE AMERICAN SPECIALTY INSURANCE 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

ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY

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

Attest By: ______________________

Date: February 17, 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 17th day of February, 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

ENDURANCE AMERICAN SPECIALTY INSURANCE 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 17th day of February, 2014

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SALUTATION

December 03, 2013

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

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 13.010, dated March 25, 2013, a risk focused examination has been made of the affairs, financial condition and management of the

ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY

hereinafter referred to as "the Company" or "EASIC" and incorporated under the laws of the state of Delaware. The Company's registered office in the State of Delaware is located at 1209 Orange Street, Wilmington, Delaware. The examination was conducted at the Company's administrative office located at 333 Westchester Avenue, White Plains, New York. The examination of the Company was conducted concurrently with Endurance American Insurance Company (EAIC), Endurance Reinsurance Corporation of America (ERCA) and Endurance Risk Solutions Assurance Co. (ERSAC), all Delaware domiciled insurers. Separate reports of examination were filed for each company.

The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Delaware Department of Insurance performed a full scope coordinated multi-state risk focused examination of the Company, as the Lead State. The Texas Department of Insurance participated in this coordinated examination. American Agri-Business Insurance Company (AA-BIC), a Texas domiciled insurance company, was examined concurrently with the four Delaware companies.

The last examination was completed as of December 31, 2007. This examination covered the period of January 1, 2008 through December 31, 2012, and encompasses a general review of transactions during the period, the Company's business policies and practices, as well as management and relevant corporate matters, with a determination of the financial condition of the Company at December 31, 2012. Transactions subsequent to the examination date were reviewed where deemed necessary.

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 Laws and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk focused examination process. The examination report addresses regulatory issues reviewed during the examination process.

In accordance with these efforts, the consulting firm of INS Services, Inc. conducted a review of the Evaluation of Controls in Information Technology (Exhibit C). The review included tests of the operating effectiveness of specific policies and procedures relating to the Company's controls over information systems and its control environment.

During the examination, consideration was given to work performed by the Company's external accounting firm, Ernst & Young, LLP (E&Y), New York, NY. Certain auditor work papers of their 2011 and 2012 audits have been incorporated into the work papers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. In addition, the Company was Sarbanes Oxley (SOX) Section 404 compliant as of the examination date and we reviewed and relied on the work where deemed necessary.

In addition to items noted in this report, the topics below were reviewed without material exception and are included in the work papers of this examination:

Corporate Records
Fidelity Bonds and Other Insurance
Risk Based Capital
Employees and Agents Welfare
Statutory Deposits
Legal Actions
All Assets and Liability Items Not Mentioned

This report of examination was confined to financial statements and comments on matters that involved departures from laws, regulation or rules, or which were deemed to require special explanation or description.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, adjustments to the financial statements, or specific recommendations as a result of this examination.

SUBSEQUENT EVENTS

The Company notified the examiners on May 28, 2013 that Endurance Specialty Holdings Ltd. (ESHL) announced that its Board of Directors had elected John R. Charman as ESHL's Chairman and Chief Executive Officer, effective immediately. David Cash stepped down as the Company’s Chief Executive Officer and as a member of the Board. William H. Bolinder, the then current Chairman of the Board, became ESHL’S Lead Director.

COMPANY HISTORY

The Company, formerly named Traders and Pacific Insurance Company (TPIC), was incorporated in Delaware on September 9, 1982 as a property and casualty insurance company. Its original Certificate of Authority was issued on September 20, 1983 and authorized the Company to transact the business of property, marine and transportation, and casualty insurance. TPIC was a member of the Houston General Insurance Group (Houston General) and a wholly owned subsidiary of Houston General Insurance Company. Houston General and its subsidiaries were in turn owned by Tokyo Marine and Fire Insurance Company, Limited, of Tokyo, Japan.

Effective January 1, 1998, Houston General and its subsidiaries, including TPIC, were acquired by Commercial Union plc, a United Kingdom corporation. Immediately after closing, Commercial Union contributed the stock of Houston General to Commercial Union Assurance Company plc, which in turn contributed the Houston General stock to Commercial Union Corporation, a U.S. holding company. On June 1, 2001, Commercial Union, including Houston General and its subsidiaries, were acquired by White Mountains Insurance Group, Ltd. In January of 2002, the stock of Houston General was sold to OneBeacon Insurance Company

(OneBeacon), a White Mountains subsidiary, to facilitate reactivating the Company, which had been in run off since its acquisition of Commercial Union in 1998.

Effective August 1, 2005, the stock of the Company was acquired by its current parent, ERCA. The Company was acquired as a clean shell with all outstanding liabilities being assumed by the seller. Subsequent to its acquisition, ERCA contributed $60 million to the Company's paid in surplus under two separate contributions: $50 million on September 30, 2005, and $10 million on December 20, 2005. These contributions allowed the Company to immediately resume writing direct business.

Effective June 8, 2006, the name of the Company was changed to Endurance American Specialty Insurance Company. As of September 30, 2006, ERCA contributed all of the issued and outstanding shares of the Company to EAIC, a wholly owned subsidiary of ERCA.

Common Capital Stock

As of December 31, 2012, the Company had 4,000,000 shares of $1.00 par value common stock authorized and 4,000,000 shares issued and outstanding

MANAGEMENT AND CONTROL

Board of Directors

The Board of Directors (Board) shall not have less than one member and the total number of directors shall be determined by the Board. As of the examination date, the Board was comprised of three members. Individuals elected and serving on the Board of Directors at December 31, 2012 were:

David Somers Cash*, Chairman
John Virgilio Del Col
Michael James McGuire

*David Somers Cash is no longer with the Company

Officers

The bylaws of the Company state that officers shall be elected or appointed by the Board. As of December 31, 2012, the Company's principal officers and their respective titles are as follows:

Glenn Robert Yanoff*	President
Daniel Simeon Lurie,	Secretary
Kenneth Gerald Cadematori*	Treasurer
Richard Martin Appel,	Senior Vice President
Marc Jeffrey Karnell,	Executive Vice President
John Charles Minett,	Senior Vice President

*Kenneth Gerald Cadematori and Glenn Robert Yanoof are no longer with the Company

Committees

The Company's bylaws provide that the Board may establish one or more committees. There are no committees at the Company level. Corporate governance is administered at the ultimate controlling party level by ESHL.

Conflict of Interest

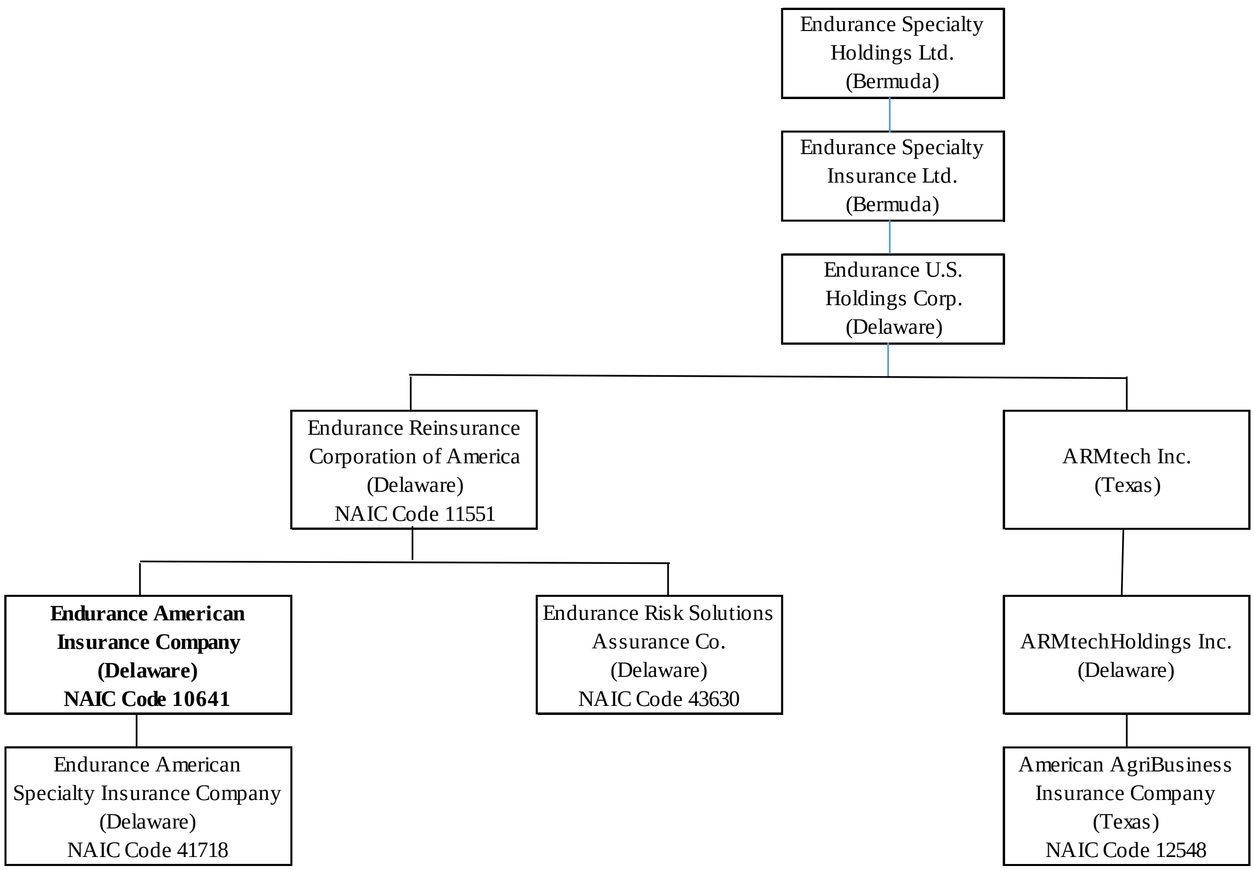
The Company has in place an established conflict of interest policy and procedures for the disclosure of any material interest or affiliation by any director, officer or employee which is likely to conflict with their official duties. The signed conflict of interest disclosure statement for each director and officer serving during 2012 was reviewed with no exceptions noted.

Insurance Holding Company System

The Company is a member of an insurance holding company system as it is defined under 18 Del.C. § 5001 "Insurance Holding Companies". Holding company registration statements were properly filed by the Company with the Delaware Insurance Department.

The ultimate controlling person is Endurance Specialty Holdings Ltd (ESHL), a Bermuda corporation, which is primarily engaged through its subsidiaries in the business of property and casualty insurance and reinsurance. For the year ending December 31, 2012, ESHL possessed assets of approximately $8.8 billion and shareholders' equity of approximately $2.7 billion. ESHL's common stock is traded on the New York Stock Exchange under the symbol "ENH".

The following abbreviated organizational chart shows the Company's affiliates as of December 31, 2012:



<u>Intercompany Management and Service Agreements</u>

The Company was party to the following affiliate agreements in effect as of the examination date:

<u>Administrative Services Agreement</u>

Effective July 1, 2012, the Company entered into an Amended and Restated Administrative Services Agreement among all parties in the Endurance holding company group which allows for the sharing of management and administrative services among the various entities. This agreement replaces all prior administrative services agreements. This agreement was properly filed and approved by the Department on August 21, 2012.

Consolidated Tax Allocation Agreement

Effective June 5, 2006, the Company became a party to a Consolidated Tax Allocation Agreement among EAIC, ERSAC and Endurance U.S. Holdings Corp (EUSH). The agreement sets forth the manner in which the total consolidated federal income tax liability or benefit is allocated to each entity.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2012, the Company is eligible to write surplus lines in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands and is an accredited reinsurer in North Carolina.

For the year ending December 31, 2012, the Company wrote approximately 53% of its business in the states of California (27%), New York (17%) and Florida (9%).

The Company has entered into Program Management Agreements with its affiliates, Endurance Specialty Insurance Marketing Corp (ESMIC) and Endurance Specialty Insurance Marketing Corp of Illinois (ESIMCI) under which the Company appointed ESIMC and ESIMCI as program managers for the purpose of underwriting and administering certain commercial special risk property and casualty insurance coverages on behalf of the Company. Within defined contractual retention and total limitations the program managers have full authority to act on behalf of the Company to bind risks and manage the business as well as investigate, negotiate and settle all claims.

GROWTH OF THE COMPANY

The following information was obtained from the Company's filed Annual Statements and covers the five proceeding years since its last examination (2007):

Year	Admitted Assets	Liabilities	Unassigned Surplus	Net Written Premiums	Net Income
2008	$151,587,521	$74,045,141	$(47,257,620)	$10,859,042	$(17,753,096)
2009	$143,526,161	$77,591,437	$(58,865,276)	$35,588,371	$(12,560,552)
2010	$208,658,795	$150,090,524	$(66,231,729)	$83,736,134	$(4,457,527)
2011	$286,563,590	$200,672,876	$(78,909,286)	$121,872,883	$(15,084,589)
2012	$387,298,336	$300,533,430	$(111,785,094)	$182,364,495	$(34,826,061)

Since December 31, 2008, growth of the Company has taken the form of the following:

- 155% increase in admitted assets
- 306% increase in liabilities
- 137% decrease in unassigned surplus
- 1579% increase in net written premiums

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

- Admitted assets increased by $235.7 million during this period. Cash and invested assets increased primarily from total capital contributions of $123.75 million received from EAIC during 2008, 2011 and 2012, and positive cash flows from operations. The capital contributions made were largely offset by yearly operating losses. The investment strategy focuses on high quality fixed maturity investments and comprised 41%-76% of total invested assets during the five year period. During 2012, the Company adjusted the composition of its investment portfolio to optimize risk adjusted return potential and as a result reduced its holdings in U.S. government bonds and increased its holdings in corporate securities. As of December 31, 2012, 98.5% of fixed maturity investments are investment grade with a NAIC designation of 1 or 2. During 2008 through 2011, 100% of the Company's fixed maturity investments held a NAIC designation of 1. Premium receivable increased $160.4 million from December 2008 to December 2012 as a result of the Company's participation in the Pooling Agreement, discussed below.

- Total liabilities increased $226.5 million during the five year period. Losses and LAE reserves increased $85.9 million and are attributable to reserves for the Pooling Agreement, discussed below. Reinsurance payable on paid losses and loss adjustment expenses increased $123.1 million and was primarily attributable to the Pool, as defined below.
- Unassigned surplus decreased approximately $64.5 million due to cumulative net losses totaling $84.7 million and unfavorable changes in net deferred income tax totaling $4.3 million and offset by favorable change in non-admitted assets of $6.4 million and provision for reinsurance of $1.5 million.
- Net premiums written increased each year from 2008 to 2012, resulting in total NPW for the period of $434.4 million. The increase is largely the result of the Company's participation in the Pool, partially offset by a decrease in direct premiums written by the Company. Direct premiums decreased primarily as a result of curtailing the underwriting of several property insurance products and the non-renewal of a large program in the professional liability line of business.
- Net income was negative for all five years under examination for a cumulative net loss of $84.7 million. Net investment gains of $11.6 million were offset by significant underwriting losses of $113.3 million. Investment income earned was derived primarily from interest on fixed maturity investments and increase in invested assets following capital contributions received of $73.75 million during 2011 and 2012. The loss, loss adjustment expense and other underwriting expenses combined ratio improved from 2008 through 2010 and reflect favorable premium growth due to the implementation of the Pool. The combined ratio for 2011 and 2012 increased to 114% and 122% respectively.

The increases are mainly attributable to increased losses resulting from the Company's participation in the Pool.

REINSURANCE

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

Direct		$243,483,876
Assumed:		
Affiliates	$182,364,495	
Non-Affiliates	634,709	
Total Assumed		182,999,204
Ceded:		
Affiliates	$244,118,585	
Non-Affiliates	0	
Total Ceded		244,118,585
Total Net Premiums		$182,364,495

Pooling Agreement:

The Company assumed $182,364,495 in business in 2012 from EAIC. Effective January 1, 2009, the Company entered into a pooling agreement with EAIC and ERSAC. The business was assumed pursuant to the Pooling Agreement among the Company, EAIC, and ERSAC. After all third party reinsurance is placed by EAIC and 50% of the net Pool business is ceded to Endurance Specialty Insurance Ltd. (ESIL), 27% of the net remaining business is assumed by the Company. The Pool business includes 27% of all business EAIC assumes from AA-BIC.

Assumed Reinsurance – Non-Affiliates:

In 2012 the Company assumed premiums of $634,709 from three non-affiliated insurance companies.

Ceded Reinsurance - Affiliates:

The Company ceded 100% of its direct business and 100% of its assumed business from non-affiliates to EAIC during 2012.

ACCOUNTS AND RECORDS

The accounts and records reviewed 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 Company operates in a computer dominated environment. 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. All services and operational needs of the Company are provided under its Administrative Services Agreement with affiliates.

E&Y audited the statutory financial statements of the Company. E&Y 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 of the Endurance group.

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.

FINANCIAL STATEMENTS

The financial condition of the Company and the results of its operations for the-year ended December 31, 2012 are reflected in the following statements:

Statement of Assets

Statement of Liabilities, Surplus and Other Funds

Statement of Income

Statement of Capital and Surplus

Reconciliation of Surplus Since Last Examination

Statement of Assets

For the Year Ended December 31, 2012

		Note
Bonds	$ 155,666,403	1
Cash and short term investments	49,578,693	
Subtotals	205,245,096	
Investment income due and accrued	1,010,984	
Uncollected premiums	17,590,207	
Deferred premiums	162,352,145	2
Amounts recoverable from reinsurers	450	
Current federal income tax recoverable	6,958	
Receivable from parent, subsidiaries and affiliates	1,092,496	
Total Assets	$387,298,336	

Statement of Liabilities, Surplus and Other Funds

For the Year Ended December 31, 2012

		Note
Losses	$ 82,499,729	3
Reinsurance payable on paid losses	123,133,997	4
Loss adjustment expenses	15,747,053	3
Commissions payable	(698,769)	
Other expenses	215,348	
Taxes, licenses and fees	337,114	
Unearned premiums	40,703,613	
Ceded reinsurance premiums payable	18,893,065	
Funds held by company under reinsurance treaties	13,199,161	
Remittance and items not allocated	181,347	
Payable to parent, subsidiaries and affiliates	3,265,548	
Payable for securities	2,792,973	
Aggregate write-ins for liabilities	263,251	
Total Liabilities	$ 300,533,430	
Common capital stock	4,000,000	
Gross paid in and contributed surplus	194,550,000	
Unassigned funds (surplus)	(111,785,094)	
Surplus as Regards Policyholders	$86,764,906	
Total Liabilities, Surplus & Other Funds	$387,298,336	

Statement of Income

For the Year Ended December 31, 2012

Underwriting Income	
Premiums earned	$179,826,801
Deductions	
Losses incurred	176,827,186
Loss adjustment expenses incurred	8,501,211
Other underwriting expenses incurred	34,679,436
Aggregate write-ins for underwriting deductions	210,602
Total underwriting deductions	220,218,435
Net underwriting (loss)	(40,391,634)
Investment Income	
Net investment income earned	2,284,601
Net realized capital gains	2,377,695
Net investment gain	4,662,296
Other Income	
Net loss from premium balances charged off	(377,021)
Total other income	(377,021)
Net income before federal income taxes	(36,106,359)
Federal income taxes incurred	(1,280,298)
Net Income	$(34,826,061)

Statement of Capital and Surplus

For the Year Ended December 31, 2012

Capital and Surplus, December 31, 2011	$85,890,714
Net income	(34,826,061)
Change in net unrealized capital losses	5,851
Change in nonadmitted assets	977,262
Change in provision for reinsurance	967,140
Paid in surplus	33,750,000
Net change in capital and surplus	874,192
Capital and Surplus, December 31, 2012	$86,764,906

Reconciliation of Surplus Since Last Examination

	Common Capital Stock	Paid In & Contributed Surplus	Unassigned Funds (Surplus)	Total
December 31, 2007	$4,000,000	$ 70,800,000	$ (30,461,605)	$44,338,395
Operations (1)				
2008 Operations		50,000,000	(16,796,015)	33,203,985
2009 Operations			(11,607,656)	(11,607,656)
2010 Operations			(7,366,453)	(7,366,453)
2011 Operations		40,000,000	(12,677,557)	27,322,443
2012 Operations		33,750,000	(32,875,808)	874,192
Total	$4,000,000	$194,550,000	$ (111,785,094)	$86,764,906

(1) Operations is defined as: Net income, change in net unrealized capital gains or (losses), change in net deferred income tax, change in non-admitted assets and change in provision for reinsurance.

SCHEDULE OF EXAMINATION ADJUSTMENTS

No examination changes were made as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Bonds **$155,666,403**

The above-captioned amount, which is the same as reported by the Company in its Annual Statement, has been accepted for purposes of this report.

The Company's bond holdings comprised 75.84% of total invested assets and 40.19% of total admitted assets.

Security composition for the year ending 2012 was comprised of the following:

U.S. Governments	$42,452,608	27.27%
U.S. Special Revenue	35,135,169	22.57%
Industrial & Miscellaneous – U.S.	64,157,861	41.22%
Industrial & Miscellaneous – Other Countries	13,920,765	8.94%
Total	$155,666,403	100.00%

In April 2012, the Company became a designated subsidiary borrower under the $700,000,000 Credit Agreement by and among ESHL, various designated subsidiary borrowers, various lending institutions, and JP Morgan Chase Bank, as administrative agent (Credit Facility). The Credit Facility is comprised of two tranches. Tranche one is available to issue up to $560,000,000 of secured letters of credit and tranche two is available for up to $140,000,000 of revolving credit borrowings and for issuance of unsecured letters of credit. The Credit Facility, which expires in April, 2016, requires the borrowers to comply with certain customary restrictions, including requiring the Company to maintain a claim paying rating from A.M. Best of at least B++ at all times.

Up to $560,000,000 of the letter of credit issuances under the Credit Facility may be collateralized by a portion of the investment portfolio of the designated subsidiary borrowing under the Credit Facility to the extent of such subsidiary's borrowing. ESHL guarantees the obligations of its subsidiaries that are parties to the Credit Facility.

Note 2 – Deferred Premiums **$162,352,145**

The above-captioned amount, which is the same as reported by the Company in its Annual Statement, has been accepted for purposes of this report.

The amount of deferred premiums was attributable to the agriculture business assumed by the Company through the Pool. The agriculture business is settled on an annual basis in accordance with the Federal Crop Insurance Corporation (FCIC) guidelines. EAIC settles balances with the Company after it has settled balances with the FCIC.

Note 3 - Losses **$82,499,729**
Note 3 - Loss Adjustment Expenses **$15,747,053**

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 on the Company's book of business by segment of business on both a gross and a net basis for loss, defense and cost containment expense and adjusting and other expense. INS also reviewed the Company's work papers which reconcile the year-end

2012 data to Schedule P. The work papers supported the conclusion that the year-end amounts were closely reconciled to the Schedule P amounts.

Based on work performed, INS concluded the Company's carried net and gross loss and LAE reserves at December 31, 2012, were reasonably stated, and as such, no financial adjustment was required for examination purposes.

Note 4 - Reinsurance Payable on Paid Loss **$123,133,997**

The above-captioned amount, which is the same as reported by the Company in its Annual Statement, has been accepted for purposes of this report.

The amount of reinsurance payable on paid loss was attributable to the agriculture business assumed by the Company through the Pool. The agriculture business is settled on an annual basis in accordance with the FCIC guidelines. EAIC settles with the Company after it has settled balances with the FCIC.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

The prior examination report as of December 31, 2007 disclosed no recommendations.

SUMMARY OF RECOMMENDATIONS

There are no proposed financial adjustments to the Company's filed 2012 Annual Statement based on the results of this examination.

CONCLUSION

The following schedule shows the results of this examination and the results of the prior examination with changes between the examination periods:

Description	December 31, 2007	December 31, 2012	Increase (Decrease)
Assets	$ 81,855,396	$ 387,298,336	$ 305,442,940
Liabilities	$ 37,517,001	$ 300,533,430	$ 263,016,429
Aggregate Write-ins for Special Surplus		-	
Common Capital Stock	4,000,000	4,000,000	-
Gross Paid In and Contributed Surplus	70,800,000	194,550,000	123,750,000
Unassigned Funds (Surplus)	(30,461,605)	(111,785,094)	(81,323,489)
Total Surplus as Regards Policyholders	$ 44,338,395	$ 86,764,906	$ 42,426,511
Totals	$ 81,855,396	$ 387,298,336	$ 305,442,940

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. and INS Services, Inc., is acknowledged.

Respectfully submitted,

Greg Taylor

Greg Taylor, CFE
Examiner-In-Charge
State of Delaware