REPORT ON EXAMINATION

OF THE

WELLINGTON SPECIALTY INSURANCE COMPANY

AS OF

DECEMBER 31, 2005

I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of DECEMBER 31, 2005 of the

WELLINGTON SPECIALTY INSURANCE COMPANY
(nka CATLIN SPECIALTY INSURANCE COMPANY)

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

ATTEST BY: Antoinette Handy

DATE: 14 JUNE 2007

In Witness Whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 14TH DAY OF JUNE 2007.

Matt Denn

Insurance Commissioner

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WELLINGTON SPECIALTY INSURANCE COMPANY
(nka CATLIN SPECIALTY INSURANCE COMPANY)

AS OF

December 31, 2005

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been 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.

MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 15TH Day of JUNE 2007.

TABLE OF CONTENTS

March 2, 2007

Honorable Matthew P. Denn
Insurance Commissioner
Department of Insurance
841 Silver Lake Blvd.
Dover, Delaware 19904

Dear Commissioner:

In compliance with your instructions and pursuant to statutory provisions an examination has been made of the affairs and financial condition of

WELLINGTON SPECIALTY INSURANCE COMPANY

hereinafter referred to as "Company", incorporated under the laws of the State of Delaware, as a stock company with its home office located at 160 Greentree Dr. Suite Dover, Delaware, 19904. The examination was conducted at its main administrative office at 4250 North Drinkwater Blvd., Suite 210, Scottsdale, Arizona, 85251. The following report is respectfully submitted.

SCOPE OF EXAMINATION

The prior examination of the Company was conducted by the Delaware Department of Insurance as of December 31, 2000. The examination covered the period from December 31, 1998 through December 31, 2000.

This report is presented on an exception basis and is designed to set forth the facts with regard to any material adverse findings disclosed during the examination. The text will explain changes wherever made. If necessary, comments and recommendations have been made in those areas in need of correction or improvement.

The general procedures of the examination followed the rules established by the National Association of Insurance Commissioners' (NAIC) Committee on Financial Condition Examiners Handbook, and generally accepted statutory insurance examination standards. The current examination covers the period from January 1, 2001 through December 31, 2005. During the course of the examination, the Company completed its 2006 Annual Statement. The examiners reviewed it for any changes that would affect this examination report.

In addition to items hereinafter incorporated as part of the written report, the following were checked and made part of the workpapers of this examination:

Officers, Employees & Agents Welfare
Fidelity Bonds and Other Insurance
Legal Actions
NAIC Ratios
Compliance with Prior Examination Recommendations
All other Asset and Liability items not mentioned

HISTORY

The Company was organized in 1941 as a mutual insurance company under the name of Southern Farmers Mutual Insurance Company, Conway, Arkansas. In 1958, the Company changed its name to Safeline Insurance Company and was converted from a mutual to a stock insurance company. The Company changed its name to Universal Insurance Company on December 18, 1959. On February 2, 1989, the Arkansas Department of

Insurance approved a stock sale agreement providing for the sale of Universal Insurance Company by Arkansas Best Corporation to Colonia Insurance Company, United States Branch, a West German corporation, which later re-domiciled to New York. On May 19, 1992, Universal Insurance Company changed its name to Colonia Underwriters Insurance Company. In April 1994, Societe Centrale Union Des Assurances de Paris (UAP) became the ultimate holding company when it acquired control of Vinci BV, the intermediate parent company of Colonia Insurance Company. On January 17, 1997, the Arkansas Insurance Commissioner approved a change in control of the Company, when the AXA Group acquired control of the insurance holding company system in which the Company was a member. The name of the Company was change to AXA Global Risk US Underwriters Insurance Company. The Company was re-domiciled from Arkansas to Delaware effective December 31, 1998. On September 18, 2000, the Company changed its name to AXA Corporate Solutions Excess and Surplus Lines Insurance Company. Effective November 23, 2004, the Company changed its name Wellington Specialty Insurance Company.

On November 22, 2004, the Company was acquired by Wellington Underwriting Holdings, Inc. from AXA Corporate Solutions Insurance Company ("AXA"). Regulatory approval was obtained in advance of the effective date of the transaction.

Since November 22, 2004, the Company is engaged in the business of property casualty insurance, primarily providing commercial liability and property coverage through general agents.

Prior to November 22, 2004, AXA was engaged in the business of writing property and casualty insurance and nonstandard personal lines coverage. The Company used Tower Hill

Insurance Group ("THIG") to write homeowners business in Florida, and International Catastrophe Insurance Managers, LLC ("ICAT") to write property business in five states. Both are managing general agents ("MGAs"). The Company ceased writing premium through these MGAs.

The Company's previous ownership group utilized two managing general agents, THIG to write Homeowners business in Florida and International Catastrophe Insurance Managers to write catastrophe business in various states. In December 2002, a decision was made to cease writing business through these general agents and appropriate cancellation notices were issued.

The following agreements were entered into when the Company was acquired by Wellington Underwriting Holdings, Inc. from AXA Corporate Solutions Insurance Company.

Stock Purchase Agreement

The Company entered into a stock purchase agreement as of June 23, 2004 by and between Wellington Underwriting plc, a United Kingdom corporation (the "Buyer") and AXA Corporate Solutions Insurance Company, a New York insurance company (the "Seller").

The Seller owns all of the outstanding capital stock of AXA Corporate Solutions Excess and Surplus Lines Insurance Company, a stock property and casualty insurance company domiciled in the State of Delaware (the "Target"); and

The parties have agreed that the Buyer will purchase from the Seller, and the Seller will sell to the Buyer, all of the outstanding capital stock of the Target in return for cash.

Assumption Agreement

An assumption agreement was entered into as of November 22, 2004 between AXA Corporate Solutions Insurance Company a New York insurance Company (Seller) and AXA Corporate Solutions Excess and Surplus Lines Insurance Company, a Delaware Insurance company (the Company).

The seller agreed to assume and pay perform and discharge in full and release the Company and it successors completely and forever from all liabilities of the Company.

Administration Agreement

An administration agreement was entered into as of November 22, 2004 by and between AXA Corporate Solutions Excess and Surplus Lines Insurance Company (the Company) and AXA Corporate Solutions Insurance Company (the Service Company).

As a condition of the closing the Company and the Service Company shall enter into this Agreement to which the Service Company will provide to the Company administrative services in connection with the administration of the Policies the MGA/TPA Agreements and the Ceded Reinsurance Agreements.

Quota Share Reinsurance Agreement

On November 22, 2004, a quota share reinsurance agreement was entered into by AXA Corporate Solutions Excess and Surplus lines Insurance Company (the Company) and AXA Corporate Solutions Insurance Company (the Reinsurer).

With respect to any and all Policies, the Company hereby cedes and the Reinsurer accepts as quota share reinsurance, one hundred percent (100%) of the amount of policy liabilities. This agreement applies to policies covering risks wherever situated.

Department Approvals

On September 16, 2004, the State of Delaware Department of Insurance approved the execution of the Quota Share Agreement, the Assumption Agreement and the Administration Agreement between AXA Corporate Solutions Insurance Company and AXA E&S.

On October 25, 2004, the State of Delaware Department of Insurance certified a Final Order and Decision signed by Delaware Insurance Commissioner Donna Lee H. Williams. The proposed application of Wellington Underwriting Holdings, Inc. and Wellington Underwriting plc to acquire control of AXA Corporate Solutions Excess & Surplus Lines Insurance Company was approved.

MANAGEMENT AND CONTROL

The Company's by-laws, as amended, state that the business and affairs shall be managed by a Board of Directors consisting of not less than three, nor more than fifteen Directors.

Regular meetings of the Board to elect officers and to transact business are held as such time and place as shall from time to time be determined by the Board.

Board of Directors

Members of the Board of Directors, duly elected in accordance with the Company's By-laws and serving as of December 31, 2005, were as follows:

Name	Principle Business Affiliation
Preben Prebenson	CEO, Wellington Underwriting plc

Katherine L. Letsinger	Group Finance Director, Wellington Underwriting plc
David C. Ibeson	Group Underwriting Director, Wellington Underwriting plc
Stanley J. Kott	Chief Executive, Wellington U.S. Operations
Richard R. Nenaber	President, Wellington Specialty Insurance Company
Scott A. Wilson	Senior Vice President & CFO, Wellington Specialty Insurance Company

Officers

The by-laws provide that the officers of the Corporation shall be a President, Vice President, Treasurer and a Secretary and may have a Chairman and such Vice Presidents, Assistant Treasurers, Assistant Secretaries or other officers or agents as may be elected or appointed by the Board of Directors.

The elected officers of the Company, serving as of December 31, 2005, were as follows:

Name	Title
Stanley John Kott	Chief Executive Officer
Richard Ray Nenaber	President
Robert Walter Heagney	Secretary
Scott Allen Wilson	Treasurer

CORPORATE RECORDS

The minutes of the sole stockholder and Board of Directors meetings were reviewed for the period under examination. On November 23, 2004, the Board of Directors approved that the name of the corporation be changed to Wellington Specialty Insurance Company. The Board also resolved that the senior officers of the Company were authorized to execute, deliver and perform any and all actions taken in connection with the completion of the obligations of the buyer under the Stock Purchase Agreements between AXA Corporate Solutions and AXA Corporate Solutions Excess & Surplus lines Insurance Company, including any and all banking actions and regulatory actions contemplated by said Stock Purchase Agreement.

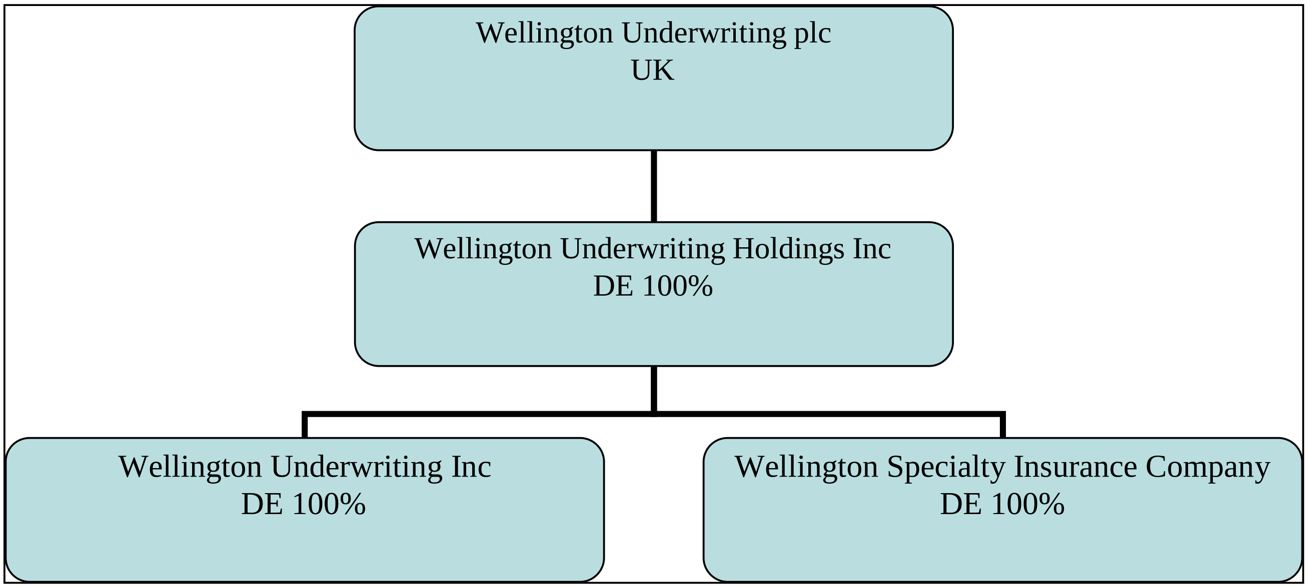
On August 16, 2005, the Board approved the reinsurance contracts entered into, including the Property Excess Per Risk and Casualty Excess of Loss.

On March 8, 2006, the Board resolved that the Company is restricted from writing any Fidelity and or Surety business. The Board also resolved that all purchases and sales of investments for 2005 were ratified and approved.

On September 27, 2006, the Board resolved that a capital contribution of $8,000,000 from Wellington Underwriting Holdings, Inc. be accepted.

INSURANCE HOLDING COMPANY SYSTEM

The Company is wholly owned by Wellington Underwriting Holdings Inc. The ultimate parent is Wellington Underwriting plc of the UK. An abbreviated organizational chart representing the relationship with its parent and ultimate parent in the UK is shown below.



Wellington Underwriting, plc is the holding company of an international insurance and reinsurance group which is listed on the London Stock Exchange. Wellington was established in its current form in November 1996, following the merger of Wellington Underwriting Holdings Limited with Wellington. The core of the Wellington Group's business is in the Lloyd's insurance market where the Wellington Group manages and underwrites a diversified book of insurance and reinsurance business.

The Wellington Group currently conducts its underwriting activities through:

- The management by WUAL of Syndicate 2020, and its participation on Syndicate 2020 through the Wellington Corporate Members.
- WUI, an underwriting agency in the United States of America which underwrites or introduces insurance and reinsurance business to Syndicate 2020
- WSIC, a non-admitted excess and surplus lines carrier in the United States of America which writes direct casualty and non-catastrophe property business for small commercial specialty risks in the United States of America and which has an A.M. Best rating of A- (Excellent)

TERRITORY AND PLAN OF OPERATION

Coverage Available

Manuals specifying coverage available and prohibited, limits, pricing, marketing, forms and applications have been developed for each line of business. Insurance Services Office (ISO) policies and forms are utilized as a base with changes, where appropriate, to tailor coverage for specific risks.

Commercial Property

- Commercial Fire and Allied Lines
  Commercial Inland Marine
- Garage Keeper's Legal
- Dealers Physical Damage, and Farm and Ranch

Coverage is offered on Basic, Broad or Special Form, with coastal or first-tier areas avoided. Earthquake and flood coverage will not be offered.

Inland Marine coverage provides a market for the following representative classifications:

Agricultural/Farm Equipment

- Bailee Customers

Contents in Storage

- Contractor's Equipment
- Installation Floaters
- Musical Instrument - Professional
- Signs
- Vending Machines, and
- Other items of a similar nature.

Rates are utilized to address the risk's unique characteristics and prior loss history. Minimum rates by class, construction code and fire protection have been developed. Rates and insured values are monitored for profitability.

Binding Authority Casualty

- General Liability
- Excess General Liability
- Miscellaneous Professional Liability
- Garage Liability
- Farm and Ranch
- Liquor Liability
- Hired and Non-Owned Automobile Liability

General liability coverage is provided for risks that do not generally meet the underwriting requirements of standard insurers.

Limited miscellaneous professional liability coverage is offered. The following classes are available:

- Alcohol and Drug Abuse Outpatient Clinics
- Alcohol and Drug Abuse Halfway Houses
- Barber Shops
- Beauty Salons
- Counselors
- Errors and Omissions – limited availability
- Exercise or Health Institutes
- Pet Grooming
- Social Workers
- Speech therapists
- Teacher's Liability (Excluding Corporal Punishment)
- Other items of a similar nature

The Company is not a market for "heavier professional classes.

ISO rates are used as a foundation for rating with surcharges applied utilizing the parameters of each risk and exposure. Surcharges will be monitored and tracked for profitability.

Brokerage Casualty

- General Liability
- Excess General Liability
- Products Liability
- Hired and Non-Owned Automobile Liability
- Garage Keepers Legal Liability
- Employer's Liability-Stop Gap Only
- Miscellaneous Professional Liability

Brokerage Casualty will underwrite classes of business that are classified as Industrial, including manufacturing, distribution and construction.

The following classes are targeted:

- Contractors Equipment
- Distributors – no food or drink
- Machinery or Equipment Dealers
- Medical, Hospital and Surgical Equipment
- Automobile, Bus and Truck Body manufacturing
- Chemical manufacturing
- Door or Window manufacturing
- Electrical Equipment or Parts manufacturing
- Machinery or Machinery Parts manufacturing
- Metal Goods manufacturing
- Plastic or Rubber Goods manufacturing
- Tank Construction
- Tool manufacturing
- Trailer manufacturing
- Valve manufacturing
- Boiler Inspection, Installation
- Electrical Apparatus Installation
- Engineers or Architects (excluding E&O)
- Machine Shops
- Machinery or Equipment – Installation, Service, Repair
- Oil or Gas Lease work by Contractor
- Oil or Gas Wells – Servicing
- Pipeline Construction
- Plumbing - Commercial and Industrial
- Street or Road Construction
- Water Mains or Connections
- Welding
- Other items of a similar nature

The underwriting manual defines the boundaries of the brokerage division but is limited in scope so as to permit creativeness of the underwriters. Benchmark rates are promulgated based on ISO base rates and market conditions. The most important issues are risk selection and underwriting expertise. Rate is secondary but with appropriate minimums that will not be breached.

Distribution Network

Sources of business include surplus line agents and brokers, independent agents, direct associations and direct accounts. The Company seeks to do business with small to medium size general agents and a small number of select brokers. Approximately 78 general agents and 15 brokers are expected to be appointed by the end of 2006.

Most appointed general agents and brokers are known to management from previous contacts and are knowledgeable of the Excess and Surplus lines market with trained staffs capable of producing profitable business per established Company guidelines. All General agents and brokers undergo a thorough review process prior to consideration.

GROWTH OF COMPANY

The following schedule shows the growth of the Company from 2001 through 2005. The numbers on the schedule were taken from the Company's filed Annual Statement.

Year	Gross Written Premium	Net Premium Earned	Net Underwriting Gain/Loss	Admitted Assets	Surplus	Net Income
2001	$9,492,806	$670,364	$101,242	$22,249,593	$1,841,113	$902,427
2002	18,917,335	720,342	715,476	31,069,711	19,508,454	1,204,466
2003	21,929,856	(621,432)	979,870	23,995,540	21,107,668	1,517,878
2004	822,954	9,561	(1,660,111)	32,272,201	28,619,837	(345,037)
2005	16,410,912	14,327,111	(4,180,983)	41,737,107	26,454,898	(2,782,429)

REINSURANCE

Effective November 22, 2004, the Company entered into a reinsurance agreement with its former parent company ceding its net retained business from the ICAT and THIG business. This agreement contains both retrospective and prospective components. At the time of execution, this agreement was an affiliated company transaction and resulted in no gain, therefore, the entire agreement has been accounted for using the prospective method.

As of December 31, 2005, the Company has an unsecured reinsurance recoverable exceeding 3% of policyholder surplus with AXA Re America Insurance Company and Odyssey America Reinsurance Corporation. The unsecured recoverable is $2,856,941 and $935,708, respectively.

As of December 31, 2004, the Company has an unsecured reinsurance recoverable exceeding 3% of policyholder surplus with AXA Re America Insurance Company. The unsecured recoverable is $25,847,000.

The amounts reflected in the respective balances in the Company's financial statements for the year ended December 31, 2005 and 2004, for direct, assumed and ceded reinsurance are as follows:

	2005	2004
	Written Premiums	
Direct	$16,410,912	$822,954
Ceded	2,083,801	813,393
	Earned premiums	
Direct	$6,555,746	$10,067,183
Ceded	850,727	10,066,628
	Losses and loss adjustment expenses incurred	
Direct	$1,652,142	$29,470,627
Ceded	(2,005,689)	29,538,049
	Unpaid losses and loss adjustment expenses	
Direct	$6,593,141	$24,589,890
Ceded	3,322,992	24,589,612
	Unearned premiums	
Direct	$9,903,810	$48,644
Ceded	1,272,713	39,639

The maximum return commission, which would have been due to reinsurers if all of the Company's ceded reinsurance were cancelled, was $413,632 and $192 in 2005 and 2004.

As mentioned previously, the run-off book of business is nearly 100% reinsured to insurance companies within the AXA insurance Group, with the small remaining exposure reinsured with various other reinsurers.

For its new property book of business, WSIC entered into a property excess per-risk reinsurance agreement on March 1, 2005 for all in-force business. Under this agreement, the company cedes the loss layer of $750,000 excess of $250,000. For its new casualty book of business, WSIC reinsures the loss layer of $500,000 excess of $500,000 per occurrence through the commercial reinsurance market beginning with claims occurring on January 1, 2005 and subsequent.

ACCOUNTS AND RECORDS

At December 31, 2005, the Company uses Epic as its main underwriting, claims and general ledger application, which runs on a Sybase database and is accessible through Sybase and Windows security.

FINANCIAL STATEMENTS

The following statements show the assets, liabilities, surplus and other funds of the Company, as determined by this examination, as of December 31, 2005.

Analysis of Assets
Liabilities, Surplus and Other Funds
Statement of Income
Examination and Surplus Changes

Analysis of Assets

	Assets Current Year	Nonadmitted Assets Current Year	Net Admitted Assets Current Year	Notes
Bonds	$27,706,473	$0	$27,706,473	Note 1
Cash $1,384,726, cash equivalents $0 and short-term investments $6,511,336	7,896,062	0	7,896,062	
Subtotals, cash and invested assets	$35,602,535	0	$35,602,535	
Investment income due and accrued	164,455	0	164,455	
Uncollected premiums and agents' balances in the course of collection (premiums and considerations)	1,991,570	10,040	1,981,530	
Amounts recoverable from reinsurers (reinsurance)	2,475,094	0	2,475,094	
Other amounts receivable under reinsurance contracts (reinsurance)	230,374	0	230,374	
Current federal and foreign income tax recoverable and interest thereon	307,311	0	307,311	
Net deferred tax asset	1,702,279	1,015,023	687,256	
Electronic data processing equipment and software	288,552	0	288,552	
Furniture and equipment, including health care delivery assets ($0)	104,482	104,482	0	
Aggregate write-ins for other than invested assets	31,939	31,939	0	
Totals	$42,898,591	$1,161,484	$41,737,107	

Liabilities, Surplus and Other Funds

Losses	$2,230,422	Note 2
Loss adjustment expenses	1,039,727	
Commissions payable, contingent commissions and other similar charges	240,000	
Other expenses (excluding taxes, licenses and fees)	563,129	
Taxes, licenses and fees (excluding federal and foreign income taxes)	79,250	
Unearned premiums (after deducting unearned premiums for ceded reinsurance of $1,272,712 and including warranty reserves of $0)	8,631,098	
Payable to parent, subsidiaries and affiliates	23,489	
Aggregate write-ins for liabilities	2,475,094	
Total liabilities	$15,282,209	
Common capital stock	3,000,000	
Gross paid in and contributed surplus	22,125,497	
Unassigned funds (surplus)	1,329,401	
Surplus as regards policyholders	$26,454,898	
Total liabilities capital and surplus	$41,737,107	

Statement of Income

Premiums earned	$5,705,018
Losses incurred	2,356,539
Loss expenses incurred	1,301,292
Other underwriting expenses incurred	6,228,170
Total underwriting deductions	$9,886,001
Net underwriting gain (loss)	(4,180,983)
Net investment income earned	1,003,822
Net realized capital gains (losses) less capital gains tax of $13887	26,958
Net investment gain (loss)	$1,030,780
Net gain (loss) from agents' or premium balances charged off (amount recovered $35 amount charged off $0)	35
Total other income	35
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	($3,150,168)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	($3,150,168)
Federal and foreign income taxes incurred	(367,740)
Net income	($2,782,428)

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year	$28,619,937
Net income	(2,782,428)
Change in net deferred income tax	619,155
Change in nonadmitted assets	(1,766)
Change in surplus as regards policyholders for the year	($2,165,039)
Surplus as regards policyholders, December 31 current year	$26,454,898

Examination and Surplus Changes

No changes were made per this examination.

	Company Amount	Exam Amount	Surplus Increase (Decrease)	Total
Capital and Surplus per Company	$26,454,898	$26,454,898	$0	$26,454,898
Net change per examination				0
Capital and Surplus per Examination				$26,454,898

FOOTNOTES TO FINANCIAL STATEMENTS

Note 1 Bonds

The company's bonds are composed of the following class of bonds.

Bond Description	Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
Governments - bonds - US	$5,092,377	$5,001,584	$5,096,433	$5,082,086
Special revenue and special assessment obligations - bonds - US	2,012,666	1,994,474	2,013,910	1,996,352
Industrial and miscellaneous bonds - US	20,601,430	20,649,507	20,650,652	20,423,015
Total Bonds	$27,706,473	$27,645,565	$27,760,995	$27,501,453

Note 2 Losses

INS Consultants, Inc. (INS) has reviewed the Deloitte Consulting LLP actuarial report which supports the Rod Morris, FCAS, MAAA Statement of Actuarial Opinion for December 31, 2005 for Wellington Specialty Insurance Company. The reserves which Mr. Morris opined on are as follows:

Net		
	Reserve for Unpaid Losses	$2,230,422
	Reserve for Unpaid Loss Adjustment Expenses	$1,039,727
Gross		
	Reserve for Unpaid Losses	$5,030,000
	Reserve for Unpaid Loss Adjustment Expenses	$1,564,000

In his opinion, the above amounts:

A. Meet the requirements of the insurance laws of Delaware.
B. Are computed in accordance with accepted loss reserving standards and principles.
C. Make a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its contracts and agreements.

The INS review focused on the Wellington Specialty new business which began being written the latter part of 2004. Loss and loss adjustment reserves for this segment as carried by the Company in the 2005 statutory statement are $3,270,149 on a net basis and $3,692,654 on a gross basis. These represent 100% and 56% of the total net and gross reserves, respectively. INS also reviewed the ICAT hurricane reserves which were $2,833,401 on a gross basis and zero on a net basis. For the total gross reserves, this represents an additional 43%.

The scope of work consisted of reviewing the underlying paid and incurred development factors used by Mr. Morris in his loss projections. INS also reviewed the expected loss and LAE ratios used by Mr. Morris in his application of the Bornhuetter-Ferguson method. The data underlying his factors was aggregated data for companies similar to Wellington Specialty Company. Wellington's data was too sparse to be a basis for the factors so an alternative was used. This is a reasonable process. INS reviewed the factor selections of Mr. Morris and concluded that they were reasonable. As a result of the review, the carried reserves are acceptable. Note that loss and loss adjustment expense reserves are subject to errors of estimation arising from the fact that the ultimate liabilities for claims evaluated as of the valuation date is dependent on future contingent events which cannot always be anticipated. The possible occurrence of such events, as well as the inherent uncertainty associated with statistical estimates, allow no guarantees that the actual ultimate liabilities will be the same as the reserve levels described in this report.

RECOMMENDATIONS

There are no recommendations made as a result of this examination.

CONCLUSION

The following schedule shows the changes from the previous examination.

Description	December 31, 2000	December 31, 2005	Increase/ (Decrease)
Assets	$18,171,152	$41,737,107	$23,565,955
Liabilities	$521,533	$15,282,209	$14,760,676
Capital and Surplus	$17,649,619	$26,454,898	$8,805,279

In addition to the undersigned, INS Consultants, Inc. participated in this examination.

The examiner would like to extend his thanks to the Company employees.

Respectfully submitted,

Max Vega

Max P. Vega, CFE, AIE
Examiner in Charge
State of Delaware
Northeastern Zone, NAIC

SUBSEQUENT EVENTS

1. Wellington Underwriting Holdings, Inc, the company's parent contributed $10,000,000 in additional paid in capital on April 13, 2006 and $8,000,000 in additional paid in capital on September 29, 2006.

2. On December 31, 2006, the Company's ultimate parent, Wellington Underwriting, plc was acquired by Catlin Group Limited. Regulatory approval was obtained prior to the effective date of each transaction.

3. All intercompany arrangements in effect prior to the acquisition of the Company were terminated on the date of the acquisition.