STATE OF MISSOURI

DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

After full consideration and review of the report of the financial examination of Watford Insurance Company for the period ended December 31, 2024, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Watford Insurance Company as of December 31, 2024, be and is hereby ADOPTED as filed and for Watford Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 29th day of June, 2026.

MISSOURI DEPARTMENT OF COMMERCE AND INSURANCE

Angela L. Nelson

Angela L. Nelson, Director
Department of Commerce and Insurance

REPORT OF
FINANCIAL EXAMINATION OF

WATFORD INSURANCE COMPANY

AS OF
DECEMBER 31, 2024

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
May 19, 2026

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

In accordance with your financial examination warrant, a full-scope financial examination has been made of the records, affairs, and financial condition of

Watford Insurance Company (NAIC #25585)

hereinafter referred to as such, as WIC, or as the Company. Its primary office is located at Harborside 3, 210 Hudson Street, Suite 600, Jersey City, New Jersey, 07311, telephone number (201) 743-4000. The fieldwork for this examination began on April 7, 2025, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multi-state financial examination of WIC. The last examination of the Company was performed by the New Jersey Department of Banking and Insurance and covered the period of January 1, 2015, through December 31, 2019. The current examination covers the period of January 1, 2020, through December 31, 2024, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (*Handbook*), except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. The *Handbook* requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. The examination also includes the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to WIC included Investments, Underwriting, Claims Handling, Reserving, Reinsurance, and Related Party

Transactions. The examination also included a review and evaluation of information technology general controls.

This examination was conducted as part of a coordinated examination of the Arch Insurance Group, which consists of numerous insurance companies domiciled in several states. The Missouri Department of Commerce and Insurance is the lead U.S. state regulator for the group. Along with Missouri, Delaware and Kansas participated in the coordinated examination. The examination was conducted concurrently with the examinations of the Company's Missouri-domiciled affiliates, Arch Indemnity Insurance Company (AIIC), Arch Property Casualty Insurance Company (APCIC), Arch Insurance Company (AIC), and Arch Specialty Insurance Company (ASIC).

This examination report includes significant findings of fact, as mentioned in section 374.205 of the Revised Statutes of Missouri (RSMo) (Examination, director may conduct, when…) and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but are separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

Watford Insurance Company was originally incorporated in Michigan on June 4, 1987, as a mutual insurance company named Michigan Lawyers Mutual Insurance Company (MLM). Effective July 1, 2001, MLM was converted to a stock insurance company and renamed Professionals Direct Insurance Company (PDIC), and its ownership was transferred to a holding company, Professionals Direct Inc. (PDI Holdco). On September 14, 2007, PDI Holdco was acquired by Hanover Insurance Company (HIC). In December 2013, PDI Holdco transferred, by way of a dividend, the entire outstanding common stock of PDIC to HIC. Effective August 1, 2016, Watford Specialty Insurance Company (WSIC), a New Jersey domiciled surplus lines insurance company, acquired PDIC. WSIC is wholly-owned subsidiary of Watford Holdings (U.S.) Inc., which, at the time was ultimately owned by Watford Holdings Ltd (Watford Holdings), a Bermuda holding company. Watford Holdings was subsequently acquired by Arch Capital Group Ltd (ACGL) on July 1, 2021. In 2016, PDIC redomesticated from Michigan to New Jersey and was renamed Watford Insurance Company. WIC then redomesticated from New Jersey to Missouri, effective January 3, 2024.

Mergers, Acquisitions, and Major Corporate Events

Effective July 1, 2024, Arch Insurance Company purchased all of the outstanding shares of WIC from WSIC for $34.5 million.

Dividends and Capital Contributions

No dividends were declared or paid by WIC during the examination period. WIC did not receive any capital contributions during the examination period.

Surplus Notes

There were no surplus notes issued or outstanding during the examination period.

MANAGEMENT AND CONTROL

Board of Directors

The Company's Articles of Incorporation specify that the Board of Directors (Board) shall consist of between nine and twenty-five members. The Directors elected and serving as of December 31, 2024, were as follows:

Name and Address	Principal Occupation and Business Affiliation
Catherine B. Kelly Minneapolis, MN	Executive Vice President and Director of Corporate Underwriting Arch Insurance Company and subsidiaries
Valerie I.D. Turpin Tucson, AZ	Executive Vice President and Chief Underwriting Officer Arch Insurance Company and subsidiaries
Thomas J. Ahern Ridgewood, NJ	Executive Vice President, Chief Financial Officer, and Treasurer Arch Insurance Company and subsidiaries
Brian D. First Canton, CT	President Arch Insurance Company and subsidiaries
Regan A. Shulman Larchmont, NY	Executive Vice President, General Counsel, and Secretary Arch Insurance Company and subsidiaries
Patrick K. Nails Yardley, PA	Executive Vice President and Chief Claims Officer Arch Insurance Company and subsidiaries
Andrew S. Becker Towaco, NJ	Executive Vice President and Chief Actuary Arch Insurance Company and subsidiaries
John A. Rafferty Western Springs, IL	Executive Vice President and Chief Underwriting Officer Arch Insurance Company and subsidiaries
Richard A. Stock Eagan, MN	Executive Vice President and Chief Underwriting Officer Arch Insurance Company and subsidiaries
Matthew A. Shulman New Canaan, CT	Chief Executive Officer Arch Insurance Company and subsidiaries

Senior Officers

The officers elected and serving, as of December 31, 2024, were as follows:

Name	Office
Brian D. First	President
Regan A. Shulman	Executive Vice President, General Counsel, and Secretary
Thomas J. Ahern	Executive Vice President, Chief Financial Officer, and Treasurer
Andrew S. Becker	Executive Vice President and Chief Actuary
Richard A. Stock	Executive Vice President and Chief Underwriting Officer
Catherine B. Kelly	Executive Vice President and Director of Corporate Underwriting
Valerie I.D. Turpin	Executive Vice President and Chief Underwriting Officer
John A. Rafferty	Executive Vice President and Chief Underwriting Officer

Principal Committees
Pursuant to WIC's Bylaws, the Board may designate one or more committees comprised solely of members of the Board, each of which shall consist of at least two members. The only Board committee in existence on December 31, 2024, was the Investment and Finance Committee.

WIC's Board of Directors designates the ACGL Audit Committee to act as its Audit Committee. As of December 31, 2024, ACGL's Audit Committee consisted of Eileen Mallesch (Chair), Laurie Goodman, Francis Ebong, Moira Kilcoyne, and Eugene Sunshine. ACGL's Board determined that all the Audit Committee members were independent under the applicable standards of NASDAQ and the Securities Exchange Act of 1934, and that Ms. Mallesch qualifies as a financial expert under the rules of the Securities and Exchange Commission.

Other than the Board committees discussed above, WIC has also established various management committees to provide additional oversight and guidance. The management committees established as of December 31, 2024, included the Anti-Fraud Controls Steering Committee, the Reinsurance Steering Committee, the Information Technology Steering Committee, the Reserve Review Committee, the Information Governance Steering Committee, the Enterprise Risk Management Committee, and the Privacy and Security Committee.

Corporate Records
The Company's Articles of Incorporation and Bylaws were reviewed for any changes during the period under examination. There were no revisions to either document during the examination period. The minutes of the Board of Directors' meetings and Committee meetings were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates
WIC is a member of an insurance holding company system as defined by section 382.010, RSMo (Definitions). WIC is directly owned by AIC, a Missouri domestic insurer that is wholly-owned by Arch Reinsurance Company, a Delaware-domiciled insurer. WIC and its affiliates are ultimately owned by ACGL, a Bermuda-based publicly held limited liability company. ACGL is traded on the NASDAQ National Market under the symbol ACGL. The Vanguard Group owned approximately 10.9% of the outstanding common shares of ACGL as of December 31, 2024.

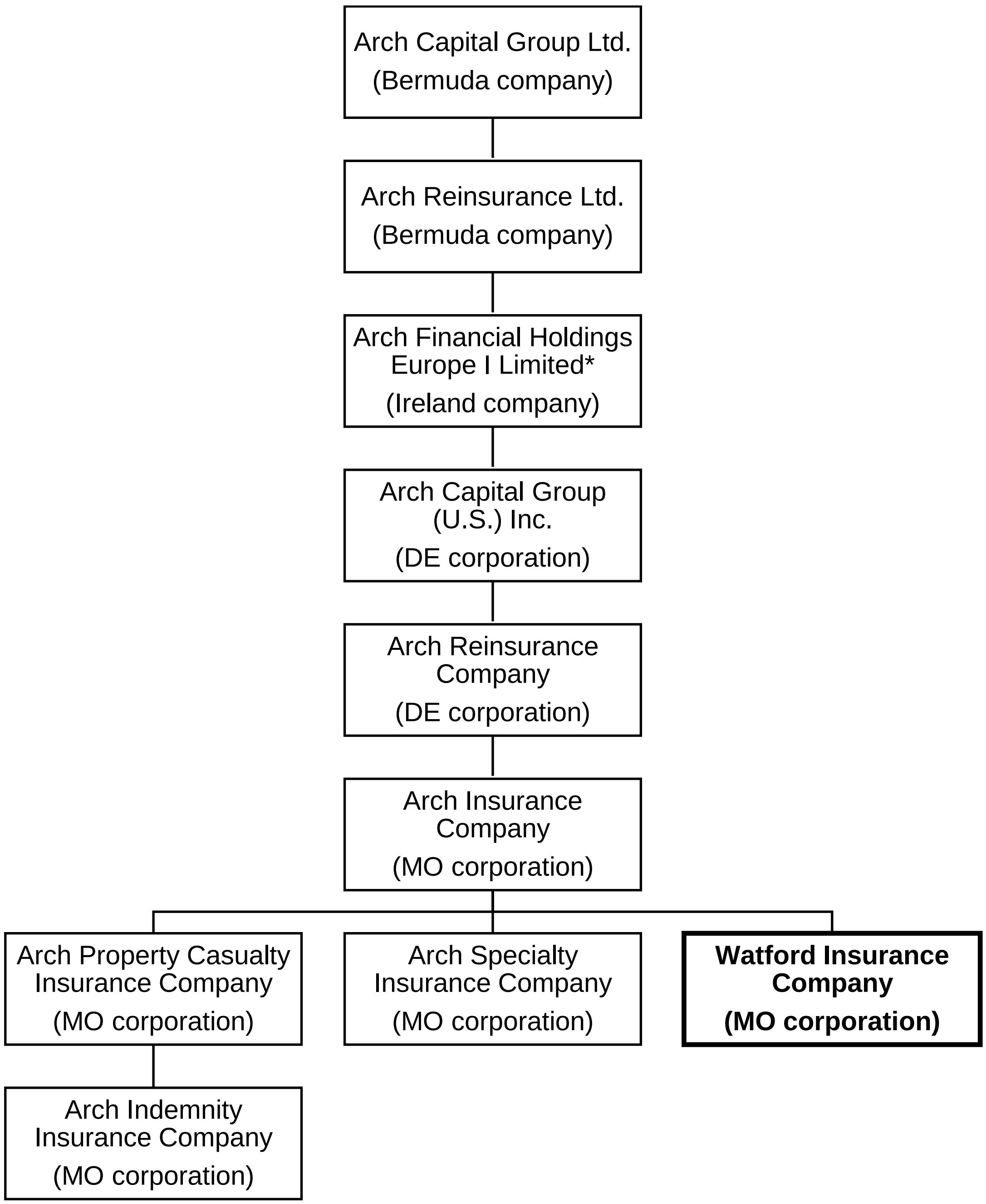
ACGL provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries and classifies its businesses into three underwriting segments: insurance, reinsurance and mortgage. The insurance segment product lines include commercial automobile; commercial multiperil; other liability – claims made, which includes financial and professional lines; other liability – occurrence, which includes admitted and excess and surplus casualty lines; property and short-tail specialty; workers compensation; and other.

WIC is affiliated with the following insurance companies within the North American insurance segment of ACGL:

- **Arch Insurance Company:** AIC is licensed in all 50 states, the District of Columbia (D.C.), and three territories. AIC's strategy is to focus on writing specialty lines of business through various avenues, while specializing in writing commercial lines property and casualty business. AIC's current insurance operations consist of seventeen Business Units: (1) Alternative Markets, (2) Construction, (3) Contract Binding, (4) E&S Casualty, (5) Energy & Marine, (6) Executive Assurance, (7) Healthcare, (8) High Excess Comp, (9) Lenders, (10) National Accounts (11) Professional Liability, (12) Programs, (13) Property, (14) Retail Energy, (15) Surety, (16) Travel & Accident, and (17) MidCorp & Entertainment. AIC assumes 100% of the net retained liabilities of its subsidiaries.
- **Arch Property Casualty Insurance Company:** APCIC is licensed in Missouri and in 46 other jurisdictions including the District of Columbia. APCIC is seeking to expand its licenses in the remaining states where it currently does not hold a license. It is not currently writing a material amount of business. All previous business is in runoff and is ceded to AIC.
- **Arch Indemnity Insurance Company:** AIIC is currently licensed and writing workers' compensation in all fifty states and D.C. AIIC is a wholly-owned subsidiary of APCIC, making AIIC an indirect subsidiary of AIC through AIC's ownership of APCIC.
- **Arch Specialty Insurance Company:** ASIC is licensed in Missouri as a domestic surplus lines insurer and admitted as an excess and surplus writer in all other jurisdictions. ASIC provides excess and surplus lines property and casualty coverages, with a focus on specialty lines of insurance.

Organizational Chart

The following organizational chart depicts an abbreviated section of insurance companies within the holding company group as of December 31, 2024. All subsidiaries are wholly-owned unless otherwise noted.



*Arch Financial Holdings Europe I Limited has a 90% interest in Arch Capital Group (U.S.) Inc. Arch Reinsurance Europe Underwriting Designated Activity Company owns the other 10%.

Intercompany Transactions

The following is a brief description of significant agreements with affiliated entities that were in effect as of December 31, 2024.

Amended and Restated Investment Manager Agreement: This agreement, effective July 1, 2024, is between WIC and Arch Investment Management Ltd. (AIML). Per the agreement, AIML provides investment management services on behalf of WIC. The services include the investment and reinvestment of Company assets, the reporting of the market value of investments, the reconciliation of accounting, transaction, and investment summary data with custodian reports, and the appointment of brokers. Services by AIML also include the engagement of third-party investment managers as deemed necessary, as well as the supervision and oversight of any third-party investment manager's activities.

Service Agreement: This agreement, effective July 1, 2024, is between WIC and Arch Insurance Group, Inc. (AIGI). Per the agreement, AIGI provides WIC with supervision of all phases of its operations, including, but not limited to, accounting services, data processing services, information technology services, legal services, underwriting services, claims handling services, and actuarial services. AIGI is compensated the direct costs incurred in providing services without any additional mark-ups or fees.

Amended and Restated Tax Sharing Agreement: This agreement, amended and restated effective October 31, 2022, is between Arch Capital Group (U.S.) Inc. (ACGI) and various subsidiaries (including AIC, ASIC, APCIC, AIIC, and WIC). Per the agreement, ACGI collects from or refunds to each subsidiary the amount of taxes or benefits determined as if the subsidiary filed a separate return.

TERRITORY AND PLAN OF OPERATION

WIC writes business through managing general underwriters on a program basis; however, as of December 31, 2024, all of WIC's program business was in runoff. WIC is licensed in all fifty states and D.C. and intends to underwrite the following coverages in the future: Commercial Automobile, General Liability, Property, Umbrella, and Workers' Compensation.

GROWTH OF COMPANY AND LOSS EXPERIENCE

Premiums declined each year under examination as the business transitioned to runoff. The table below summarizes the Company's premium writings and writing ratios for the period under examination:

($000s omitted)

Year	Net Premiums Written	Change in Net Premiums	Capital and Surplus	Ratio of Net Premiums to Surplus
2020	$ 8,289	44.21%	$ 28,145	0.29
2021	8,143	-1.76%	27,735	0.29
2022	4,521	-44.48%	27,242	0.17
2023	1,993	-55.92%	24,569	0.08
2024	(135)	-106.77%	26,356	-0.01

The table below summarizes the Company's incurred losses and loss ratios for the period under examination:

($000s omitted)

Year	Net Premiums Earned	Net Losses and Loss Adjustment Expenses	Loss Ratio
2020	$ 7,301	$ 5,756	78.84%
2021	8,034	5,764	71.75%
2022	6,238	4,534	72.68%
2023	3,633	3,467	95.43%
2024	257	1,449	563.81%

REINSURANCE

General

WIC's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

($000s omitted)

Premium Type	2020	2021	2022	2023	2024
Direct Premiums Written	$ 89,388	$ 86,918	$ 47,312	$ 18,921	$ (3,669)
Reinsurance Assumed:					
Non-Affiliates	(276)	176	424	348	180
Reinsurance Ceded:					
Affiliates	46,972	78,650	43,215	17,276	(3,355)
Non-Affiliates	33,850	301	-	-	-
Net Premiums Written	**$ 8,289**	**$ 8,143**	**$ 4,521**	**$ 1,993**	**$ (135)**

Assumed Reinsurance

In 2024, WIC assumed an immaterial amount of business from various mandatory pools.

Ceded Reinsurance

Historically, the Company primarily ceded business to Arch Reinsurance Company and Somers Re Ltd (formerly, Watford Re Ltd). As of December 31, 2024, the Company's ceded reinsurance was in run-off.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer should fail to perform its obligations under its reinsurance agreement with the Company.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, PricewaterhouseCoopers LLP, in New York, NY, performed the statutory audit of the Company for the years under examination. Reliance was placed on the CPA workpapers as deemed appropriate. Such reliance included, but was not limited to, fraud risk analysis, journal entry testing, internal control narratives, tests of internal controls, and substantive testing.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Jeffrey R. Carlson, FCAS, MAAA, for 2020 and 2021. Mr. Carlson is employed by Willis Towers Watson in Hartford, Connecticut.

The Company's actuarial opinion regarding loss reserves, LAE reserves, and other actuarial items was issued by Jonathan R. Sappington, FCAS, MAAA, for years 2022 - 2024. Mr. Sappington is employed by Willis Towers Watson in Philadelphia, Pennsylvania.

Consulting Actuary

Pursuant to a contract with the Department, Solomon L. Frazier, FCAS, FSA, MAAA, Senior Consulting Actuary with Examination Resources, LLC., reviewed the underlying actuarial assumptions and methodologies used by WIC to determine the adequacy of loss reserves and LAE reserves. Mr. Frazier determined that the Company made a reasonable provision for the loss and LAE reserves that were reported in the statutory financial statements, as of December 31, 2024.

Information Systems

Kimberly Dobbs, CFE, AES, CISA, Information Systems Financial Examiner-in-Charge with the Department, conducted a review of the Company's information systems.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of WIC for the period ending December 31, 2024. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual key activity.

ASSETS
As of December 31, 2024

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 9,111,027	$ -	$ 9,111,027
Cash, Cash Equivalents, and Short-Term Investments	15,917,082	-	15,917,082
Investment Income Due and Accrued	24,992	-	24,992
Reinsurance:			
Amounts Recoverable from Reinsurers	611,315	-	611,315
Current federal and foreign income tax recoverable and interest thereon	12,190	-	12,190
Aggregate Write-Ins for Other-Than-Invested Assets	10,592,684	193,881	10,398,803
TOTAL ASSETS	**$ 36,269,291**	**$ 193,881**	**$ 36,075,410**

LIABILITIES, SURPLUS AND OTHER FUNDS
As of December 31, 2024

Losses	$ 6,062,299
Loss Adjustment Expenses	790,958
Commissions Payable, Contingent Commissions, and Other Similar Charges	114
Other Expenses	71,292
Taxes, Licenses, and Fees	27,816
Unearned Premiums	206,290
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	189,684
Amounts Withheld or Retained by Company for Account of Others	624,629
Remittances and Items Not Allocated	2,024
Payable to Parent, Subsidiaries, and Affiliates	1,322,723
Aggregate Write-Ins for Liabilities	421,216
TOTAL LIABILITIES	**$ 9,719,045**
Common Capital Stock	4,500,000
Gross Paid In and Contributed Surplus	29,242,725
Unassigned Funds (Surplus)	(7,386,362)
TOTAL CAPITAL AND SURPLUS	**$ 26,356,363**
TOTAL LIABILITIES AND SURPLUS	**$ 36,075,408**

STATEMENT OF INCOME

For the Year Ended December 31, 2024

Premiums Earned	$	257,053
DEDUCTIONS:		
Losses Incurred		1,098,096
Loss Adjustment Expenses Incurred		351,200
Other Underwriting Expenses Incurred		1,392,328
Total Underwriting Deductions	$	2,841,624
Net Underwriting Gain (Loss)	**$**	**(2,584,571)**
Net Investment Income Earned		732,379
Net Realized Capital Gains (Losses)		(97,041)
Net Investment Gain (Loss)	**$**	**635,338**
Net Gain (Loss) from Agents' or Premium Balances Charged Off		(19,122)
Aggregate Write-Ins for Miscellaneous Income		(152,822)
Federal and Foreign Income Taxes Incurred		(556,327)
NET INCOME (LOSS)	**$**	**(1,564,850)**

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2020, to December 31, 2024

($000s omitted)

	2020	2021	2022	2023	2024
Capital and Surplus, Beginning of Year	$ 29,749	$ 28,145	$ 27,735	$ 27,242	$ 24,569
Net Income (Loss)	(2,075)	(581)	886	(1,037)	(1,565)
Change in Net Unrealized Capital Gains (Losses) Less Capital Gains Tax	77	17	(54)	31	71
Change in Net Deferred Income Tax	-	-	-	-	(12)
Change in Nonadmitted Assets	393	154	(1,325)	(1,667)	3,293
Net Change in Capital and Surplus	$ (1,604)	$ (410)	$ (494)	$ (2,672)	$ 1,787
Capital and Surplus, End of Year	**$ 28,145**	**$ 27,735**	**$ 27,242**	**$ 24,569**	**$ 26,356**

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

Effective April 1, 2025, Watford Insurance Company changed its name to Arch Wilsure Insurance Company. The Company's Articles of Incorporation and Bylaws were both amended and restated to reflect this change.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Watford Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Kimberly Dobbs, CFE, AES, CISA, Kim Waller, CFE, Alicia Galm, CFE, Brad Brunton, CFE, and James Le, CPA, CFE, CPCU, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Marc Peterson, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Watford Insurance Company, its agents or other persons examined, or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

HAILEY LUEBBERT
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES MARCH 30, 2027
OSAGE COUNTY
COMMISSION #15634366

Marc Peterson

Marc Peterson, CFE
Examiner-In-Charge
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 27th day of May, 2026.

My commission expires: March 30, 2027

Hailey Luebbert
Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.

Sara McNeely, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance