



DEPARTMENT OF COMMERCE & INSURANCE

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

ORDER

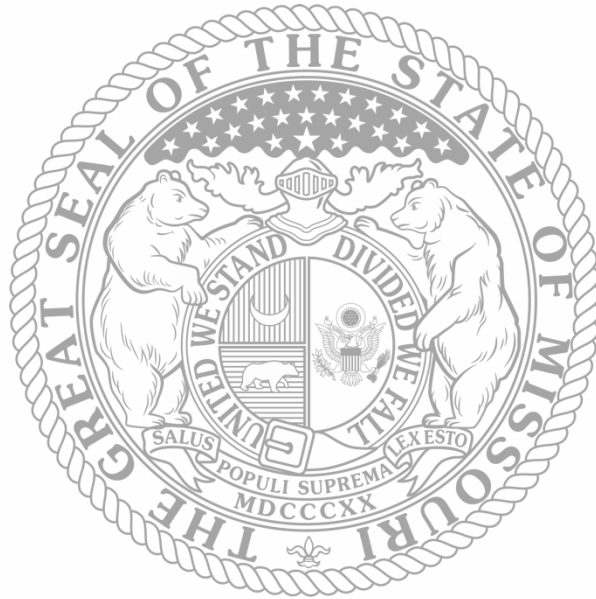
After full consideration and review of the report of the financial examination of Arch Indemnity Insurance Company for the period ended December 31, 2024, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director of the Missouri 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 Arch Indemnity Insurance Company as of December 31, 2024, be and is hereby ADOPTED as filed and for Arch Indemnity 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.



Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

ARCH INDEMNITY INSURANCE COMPANY

AS OF
DECEMBER 31, 2024

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

SCOPE OF EXAMINATION.....	1
PERIOD COVERED.....	1
PROCEDURES.....	1
SUMMARY OF SIGNIFICANT FINDINGS	2
COMPANY HISTORY.....	2
GENERAL.....	2
MERGERS, ACQUISITIONS, AND MAJOR CORPORATE EVENTS	2
DIVIDENDS AND CAPITAL CONTRIBUTIONS	2
SURPLUS NOTES.....	2
MANAGEMENT AND CONTROL.....	3
BOARD OF DIRECTORS	3
SENIOR OFFICERS	3
PRINCIPAL COMMITTEES	4
CORPORATE RECORDS.....	4
HOLDING COMPANY, SUBSIDIARIES, AND AFFILIATES.....	4
ORGANIZATIONAL CHART	6
INTERCOMPANY TRANSACTIONS	7
TERRITORY AND PLAN OF OPERATION	7
GROWTH OF COMPANY AND LOSS EXPERIENCE.....	8
REINSURANCE.....	8
GENERAL.....	8
ASSUMED REINSURANCE	9
CEDED REINSURANCE.....	9
ACCOUNTS AND RECORDS	9
INDEPENDENT AUDITOR	9

ACTUARIAL OPINION	9
CONSULTING ACTUARY	9
INFORMATION SYSTEMS	9
FINANCIAL STATEMENTS.....	10
ASSETS.....	11
LIABILITIES, SURPLUS AND OTHER FUNDS.....	12
STATEMENT OF INCOME	13
RECONCILIATION OF CAPITAL AND SURPLUS	13
COMMENTS ON FINANCIAL STATEMENT ITEMS	14
FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION	14
SUMMARY OF RECOMMENDATIONS.....	14
SUBSEQUENT EVENTS.....	14
ACKNOWLEDGMENT	15
VERIFICATION.....	15
SUPERVISION	16

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

Arch Indemnity Insurance Company (NAIC #30830)

hereinafter referred to as such, as AIIC, 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 AIIC. The last examination of the Company by the Department covered the period of January 1, 2018, through December 31, 2020. The current examination covers the period of January 1, 2021, 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 key to AIIC in the examination 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 Specialty Insurance Company (ASIC), Arch Property Casualty Insurance Company (APCIC), Arch Insurance Company (AIC), and Arch Wilsure Insurance Company (AWIC), formerly known as Watford Insurance Company (WIC).

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

Arch Indemnity Insurance Company (originally known as Western Diversified Casualty Insurance Company) was incorporated on August 10, 1987, as a stock casualty insurance company, and was granted authority pursuant to the provisions of Illinois Law to write insurance. The Company began writing contractual liability and mechanical breakdown business on August 28, 1987. Effective December 21, 1989, the Company merged with Commercial Mortgage Insurance, Inc. and redomesticated to Wisconsin. On September 30, 1997, Protective Life Insurance Company acquired the Western Diversified group, and on June 23, 2003, Arch Capital Group Ltd (ACGL) purchased the Company from Protective Life Insurance Company and contributed it to Arch Insurance Group, Inc. (AIGI), a Delaware company. Effective December 31, 2004, AIGI contributed AIIC to Arch Insurance Company. On May 14, 2008, the Company changed its name to Arch Indemnity Insurance Company. Effective December 15, 2011, AIC contributed the Company to its direct subsidiary, Arch Property Casualty Insurance Company. AIIC redomiciled to Missouri effective September 30, 2014.

Mergers, Acquisitions, and Major Corporate Events

There were no mergers or acquisitions involving the Company during the examination period.

Dividends and Capital Contributions

No dividends were declared or paid by AIIC during the examination period. AIIC 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

AIIC's Board designates the Audit Committee of its ultimate parent, ACGL, 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.

AIIC 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

AIIC is a member of an insurance holding company system as defined by section 382.010, RSMo (Definitions). AIIC is directly owned by APCIC, which is a wholly owned subsidiary of AIC. AIC is a wholly owned subsidiary of Arch Reinsurance Company, a Delaware-domiciled insurer, and is 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.

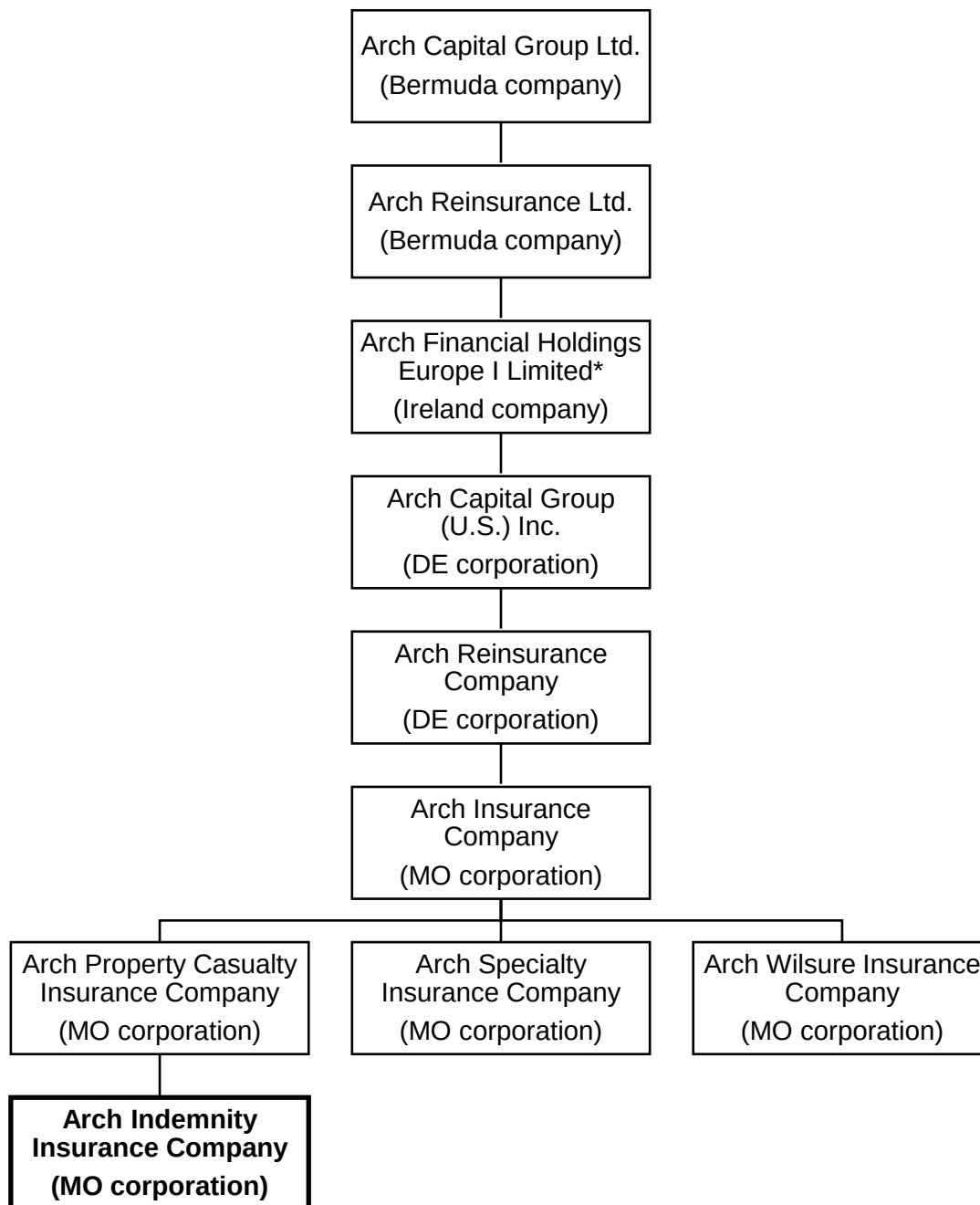
ACGL provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries and classifies its businesses into three underwriting segments: insurance, reinsurance, and mortgage. The insurance segment product lines include commercial automobile; commercial multiperil; 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.

AIIC 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 the following business units: Lenders, Guarantee Cost Comp, P&C Programs, Small Commercial, Alternative Markets, Construction, E&S Casualty, Entertainment, Executive Assurance, Healthcare, High Excess Comp, Midcorp, National Accounts, Professional Liability, Property, Retail Energy, Surety, Travel & Accident. AIC assumes 100% of the net retained liabilities of its subsidiaries.
- **Arch Specialty Insurance Company:** ASIC is domiciled and licensed in Missouri as a domestic surplus lines insurer and eligible as an excess and surplus lines carrier in all other US states, the District of Columbia, Puerto Rico, and the US Virgin Islands. ASIC provides excess and surplus lines property and casualty coverages, with a focus on specialty lines of insurance.
- **Arch Property Casualty Insurance Company:** APCIC is a Missouri domestic property and casualty insurance company. In addition to Missouri, APCIC is also licensed in 46 states, including the District of Columbia. APCIC is seeking to expand its licenses in the remaining states where it currently does not hold a license. APCIC is a wholly owned subsidiary of Arch Insurance Company. It is not currently writing a material amount of business. All previous business is in runoff and is ceded to AIC.
- **Arch Wilsure Insurance Company (formerly known as Watford Insurance Company):** AWIC is a fully licensed Missouri domestic property and casualty company. AWIC is a wholly owned subsidiary of AIC. AWIC was purchased by AIC from its affiliate Watford Specialty Insurance Company (WSIC) on July 1, 2024, and changed its name effective May 7, 2025. AWIC writes business through managing general underwriters on a program basis; however, as of December 31, 2024, all program business was in runoff. AWIC 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.

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 January 1, 2015, is between AIIC and Arch Investment Management Ltd. (AIML). Per the agreement, AIML provides investment management services on behalf of AIIC. The services include the investment and reinvestment of the Company's 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, amended effective August 16, 2022, is between AIIC and Arch Insurance Group Inc. (AIGI). Per the agreement, AIGI provides AIIC 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 AWIC). 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.

Claims Services Agreement: This agreement, originally effective December 6, 2018, and amended effective March 15, 2024, is between AIC, ASIC, APCIC, AIIC, and McNeil & Company, Inc. (McNeil). Per the agreement, McNeil is responsible for processing and settling claims associated with the Program and Producer agreements.

The Company also has a reinsurance agreement with AIC, as described in the Ceded Reinsurance section of this report.

TERRITORY AND PLAN OF OPERATION

AIIC is licensed as a property and casualty insurer by the Department under Chapter 379 RSMo (Insurance Other than Life). The Company is licensed and writes business in all 50 states and the District of Columbia. The Company's largest states by direct written premiums are California, New York, and New Jersey, accounting for approximately 48% of total direct written premiums.

As noted under the Holding Company, Subsidiaries, and Affiliates subsection above, AIIC and its affiliates write business under ACGL's insurance underwriting segment. The insurance segment is managed through various underwriting units that offer specialty product lines on a worldwide basis. AIIC primarily writes workers' compensation business under the Construction, National Accounts, and Alternative Markets underwriting unit within the insurance segment of ACGL. The Construction, National Accounts, and Alternative Markets underwriting unit provides workers' compensation and other liability coverages for middle and large-sized customers.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company maintains reinsurance agreements with AIC and other non-affiliated reinsurers under which it cedes 100% of its direct business. The Company reported net income and increases to policyholder surplus in each of the years under examination. 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
2021	\$ 453	-25.86%	\$ 58,679	0.08
2022	1,334	194.48%	73,169	0.02
2023	2,529	89.58%	90,329	0.03
2024	3,105	22.78%	109,988	0.03

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
2021	\$ 435	\$ 2,752	631.89%
2022	1,114	4,908	440.55%
2023	2,231	7,322	328.27%
2024	2,871	4,734	164.85%

The increase in losses and loss adjustment expenses over the examination period was largely driven by fluctuations in unallocated loss adjustment expenses, which are not subject to the quota share agreement.

REINSURANCE

General

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

Premium Type	2021	2022	2023	2024
Direct Premiums Written	\$ 100,484	\$ 156,219	\$ 179,074	\$ 228,266
Reinsurance Assumed:				
Affiliates	-	-	-	-
Non-Affiliates	453	1,334	2,529	3,105
Reinsurance Ceded:				
Affiliates	94,966	150,727	172,419	227,714
Non-Affiliates	5,518	5,492	6,655	552
Net Premiums Written	\$ 453	\$ 1,334	\$ 2,529	\$ 3,105

Assumed Reinsurance

In 2024, AIIC assumed an immaterial amount of business from the National Council on Compensation Insurance (NCCI) voluntary pool. Assumed business is the only business AIIC retained during the examination period.

Ceded Reinsurance

AIIC cedes to AIC 100% of its net retained liabilities on direct business. As such, AIC was the Company's most significant reinsurer during the examination period. In 2024, premiums ceded to AIC accounted for 99.6% (\$227.4 million) of total reinsurance premiums ceded (\$228.3 million).

Additionally, AIIC and its other North American affiliates purchased workers' compensation catastrophe coverage up to \$100 million in excess of \$50 million. For 2024, the property catastrophe agreements covered losses up to \$400 million in excess of \$300 million.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability if an assuming reinsurer fails to perform its obligations under the reinsurance contract.

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 Gregory Babushkin, FCAS, MAAA, for all years in the examination period. Mr. Babushkin is employed by Arch Insurance Group Inc., an affiliate of Arch Insurance Company, located in Jersey City, New Jersey.

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 AIIC 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 AIIC 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 during 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	\$ 127,361,135	\$ -	\$ 127,361,135
Cash, Cash Equivalents, and Short-Term Investments	26,842,695	-	26,842,695
Investment Income Due and Accrued	992,147	-	992,147
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	5,989,534	2,566,964	3,422,570
Deferred Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	56,902,591	-	56,902,591
Accrued Retrospective Premiums	17,988,154	45,033	17,943,121
Reinsurance:			
Amounts Recoverable from Reinsurers	20,432,724	-	20,432,724
Net Deferred Tax Asset	5,520,633	2,123,261	3,397,372
Receivables from Parent, Subsidiaries, and Affiliates	14,006,495	-	14,006,495
Aggregate Write-Ins for Other-Than-Invested Assets	21,701,615	4,404,875	17,296,740
TOTAL ASSETS	\$ 297,737,724	\$ 9,140,133	\$ 288,597,591

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2024

Losses	\$ 3,103,082
Loss Adjustment Expenses	7,621,134
Commissions Payable, Contingent Commissions, and Other Similar Charges	49,678
Other Expenses	98,377
Taxes, Licenses, and Fees	13,264,842
Current Federal and Foreign Income Taxes	166,335
Unearned Premiums	916,435
Advanced Premiums	2,801,313
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	45,699,637
Funds Held by Company Under Reinsurance Treaties	679,805
Amounts Withheld or Retained by Company for Account of Others	64,233,231
Remittances and Items Not Allocated	606,090
Provision for Reinsurance	258,836
Payable to Parent, Subsidiaries, and Affiliates	3,910,358
Payable for Securities	1,000,046
Aggregate Write-Ins for Liabilities	34,199,896
TOTAL LIABILITIES	\$ 178,609,095
Common Capital Stock	5,000,000
Gross Paid In and Contributed Surplus	15,173,541
Unassigned Funds (Surplus)	89,814,955
TOTAL CAPITAL AND SURPLUS	\$ 109,988,496
TOTAL LIABILITIES AND SURPLUS	\$ 288,597,591

STATEMENT OF INCOME
For the Year Ended December 31, 2024

Premiums Earned	\$ 2,871,459
DEDUCTIONS:	
Losses Incurred	2,229,221
Loss Adjustment Expenses Incurred	2,504,469
Other Underwriting Expenses Incurred	(22,673,536)
Total Underwriting Deductions	<u>\$ (17,939,846)</u>
Net Underwriting Gain (Loss)	\$ 20,811,305
Net Investment Income Earned	5,853,273
Net Realized Capital Gains	(909,442)
Net Investment Gain (Loss)	\$ 4,943,831
Net Gain (Loss) from Agents' or Premium Balances Charged Off	(502,871)
Federal and Foreign Income Taxes Incurred	7,017,431
NET INCOME (LOSS)	<u>\$ 18,234,834</u>

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2021, to December 31, 2024

(\$000s omitted)

	2021	2022	2023	2024
Capital and Surplus, Beginning of Year	\$ 53,293	\$ 58,679	\$ 73,169	\$ 90,329
Net Income (Loss)	8,907	12,579	15,899	18,235
Change in Net Deferred Income Tax	1,066	552	(144)	1,283
Change in Nonadmitted Assets	(3,313)	616	1,486	(893)
Change in Provision for Reinsurance	(1,274)	742	(81)	1,034
Net Change in Capital and Surplus	<u>\$ 5,385</u>	<u>\$ 14,490</u>	<u>\$ 17,161</u>	<u>\$ 19,659</u>
Capital and Surplus, End of Year	<u>\$ 58,679</u>	<u>\$ 73,169</u>	<u>\$ 90,329</u>	<u>\$ 109,988</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

There were no significant subsequent events noted from December 31, 2024, through the date of this report.

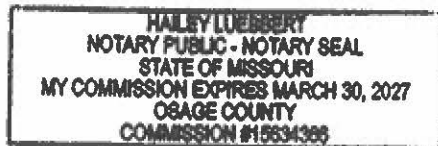
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Arch Indemnity Insurance Company during 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)
)
 County of Cole) ss

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 Arch Indemnity 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.



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 Luebery
 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