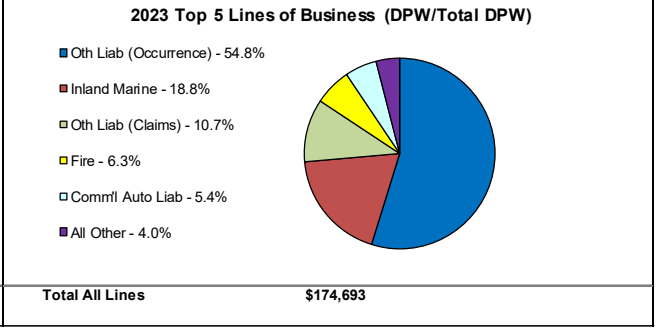
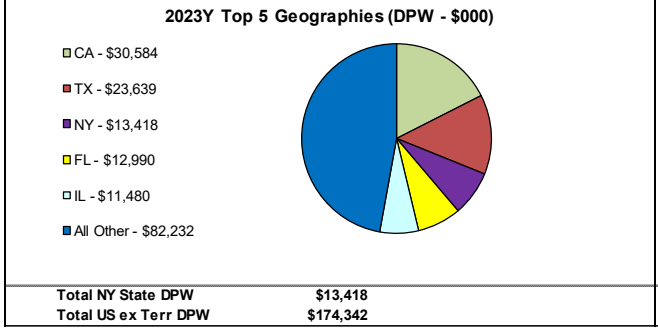
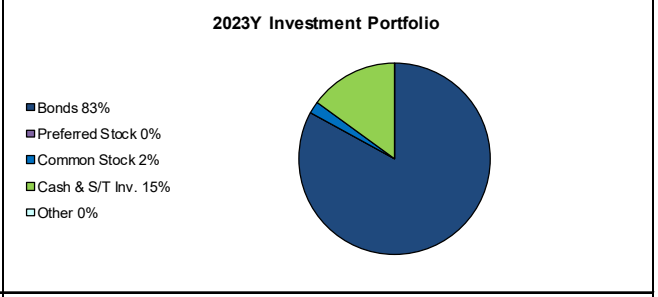
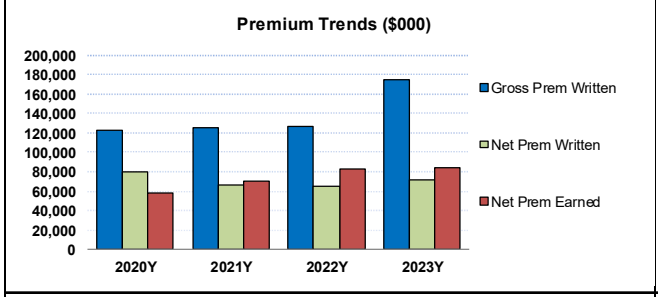
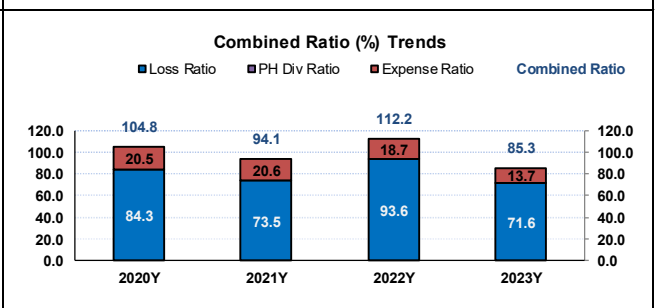
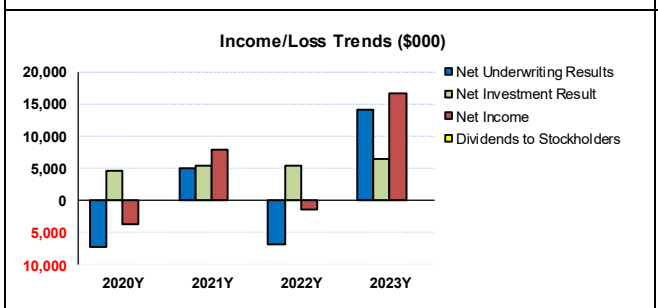




HDI SPECIALTY INSURANCE COMPANY, NAIC #16131
PARENT – Haftpflichtverband der Deutschen Industrie VVaG

Dollars in 000

	2020Y	2021Y	2022Y	2023Y		2020Y	2021Y	2022Y	2023Y
Total Assets	237,471	277,847	320,766	351,081	RBC Ratio (%)	533.9	390.0	321.0	359.4
Total Liabilities	188,636	222,276	251,515	262,482	2yr Res Development	-601	6,915	5,166	570
Policyholder Surplus	48,835	55,570	69,251	88,599	2yr Dev / Surplus	-126.9%	1367.3%	1057.8%	102.6%
Cash & Invested Assets	202,745	240,193	292,871	324,698	Affiliated Common Stock	0	0	0	0
Cash & Invested Assets / Total Assets	85.4%	86.4%	91.3%	92.5%	Affiliated CS / Surplus	0.0%	0.0%	0.0%	0.0%
Net Cash from Operations	65,644	31,662	42,912	29,748	Net Reins Recoverable	39,259	49,687	104,440	134,222
Loss & LAE Reserves	64,287	97,081	149,033	167,044	Net Reins Rec / Surplus	80.4%	89.4%	150.8%	151.5%
Loss & LAE Reserves/Surplus	131.6%	174.7%	215.2%	188.5%	AMB / S&P Ratings	A+ / NR	A+ / NR	A+ / NR	A+ / NR



TOP 5 REINSURERS FOR HDI SPECIALTY INSURANCE CO. BY GROSS RECOVERABLES

PERIOD: 2023Y

Dollars in 000

Reinsurer	Reinsurance Class	Reins Authorized Status	Gross Recov	Over 120 Days Overdue
1 - Transatlantic Reinsurance Company	US Unaffiliated	Authorized	22,564	0
2 - Partner Reinsurance Company of the U.S.	US Unaffiliated	Authorized	9,853	0
3 - Lloyd's Syndicate - 1274 (Antares Managing Agency Limited)	Non-US Unaffiliated	Authorized	8,017	0
4 - Lloyd's Syndicate - 1414 (Ascot Underwriting Limited)	Non-US Unaffiliated	Authorized	7,300	0
5 - HDI Global Specialty SE	Non-US Affiliated Non-captive	Unauthorized	6,905	0

Important Information Regarding Financial Summaries

This financial summary contains information helpful to New York excess lines brokers in meeting their non-delegable duty to use "due care" in the selection of a financially secure excess line insurer. Definitions of the financial terms used in the summaries appear as pop-up boxes when hovering your mouse over the corresponding text. For additional guidance on assessing insurance company financial statements, please reference "ELANY COMPLIANCE ADVISOR: FUNDAMENTALS OF INSURANCE COMPANY FINANCIAL ANALYSIS".

The Excess Line Association of New York has compiled the insurance company financial information from the Annual Statutory Financial Statements. All ratios, charts, and graphs are based on the compiled information. We have made every effort to ensure all information transcribed for these pages is correct. However, the Excess Line Association of New York cannot attest to the accuracy of data provided by its sources, nor do we make any warranties, either expressed or implied, regarding the accuracy or completeness of information presented in this document. We assume no responsibility for loss or damage resulting from the use of this information.

See A.M. Best and S&P Disclaimer on Summary Report page.

ULTIMATE PARENT – Haftpflichtverband der Deutschen Industrie VVaG

Corporate Profile		Financial Strength Ratings	
Address:	HDI Haftpflichtverband der Deutschen Industrie V.a HDI-Platz 1 Hanover, -, -	S&P Global:	-
Website:	-	Moody's:	#OUTSIDE SUBSCRIPTION
President :	-	Fitch:	-
Ticker Symbol:	:- -	AM Best - P&C:	-
SEC Filing:	N/A		

Highlights (\$000)	2020Y	2021Y	2022Y	2023Y
Total Assets	182,781,000	199,609,000	194,720,000	NA
Total Policy Reserves	140,244,000	152,660,000	152,679,000	NA
Total Debt	6,134,000	7,600,000	8,734,000	NA
Total Other Liabilities	7,606,000	8,219,000	8,673,000	NA
Sep Account Liabilities	11,619,000	13,687,000	11,902,000	NA
Total Liabilities	163,914,000	179,559,000	179,765,000	NA
Total Equity	18,867,000	20,050,000	14,956,000	NA
Total Liab & Equity	182,781,000	199,609,000	194,721,000	NA
Book Value / Share (\$)	NA	NA	NA	NA
Reserves / Investments & Cash (x)	NA	NA	NA	NA
Reserves / Liabilities (x)	0.86	0.85	0.85	NA
Reserves / Equity (x)	7.43	7.61	10.21	NA
Debt / Equity (x)	0.33	0.38	0.58	NA
Dec. 31 Closing Price (\$)	NA	NA	NA	NA
Net Income (\$)	1,129,000	1,742,000	2,502,000	NA
Basic EPS (\$)	NA	NA	NA	NA
Investment Yield (%)	NA	NA	NA	NA
Ratios (%)				
Loss Ratio	72.90	70.10	71.60	NA
Expense Ratio	28.10	27.60	27.30	NA
PH Dividend Ratio	-2.10	-0.60	-2.00	NA
Combined Ratio	98.90	97.10	96.90	NA

HISTORY

HDI Specialty Insurance Company (HDI Specialty) was incorporated on February 3, 2017, as an Illinois domestic surplus lines insurer, and wholly-owned subsidiary of HDI Global Insurance Company (HDI Global). HDI Global is owned by HDI Global Network AG, which in turn is owned by HDI Global SE, which is owned by Talanx AG. Also, Talanx AG is a 50.22% owner of Hannover Ruck SE. The ultimate parent is Haftpflichtverband der Deutschen Industrie V.a.G (HDI). HDI Specialty has been eligible in New York since November 3, 2017. As of December 31, 2023, HDI Specialty is an Illinois domestic surplus lines insurer and operated as a non-admitted insurer in all fifty (50) states, the District of Columbia, American Samoa, Guam, Puerto Rico, the U.S. Virgin Islands, the Northern Marianas Islands and Canada.

REINSURANCE

HDI Specialty cedes 95% to 100% of its business to HDI Global Network and HDI Global SE on both a quota share and facultative basis. The business is then retroceded into the HDI Group's global reinsurance framework. As such, the financial strength of the company is heavily dependent on the credit risk of HDI Global, as well as investment risk of its own investment portfolio, managed in common by HDI Global. For the years 2020 through 2023, respectively, HDI Specialty net reinsurance recoverable was shown as \$39M, \$50M, \$104M and \$134M, representing 80%, 89%, 151% and 152% of company surplus.

HOLDING COMPANY

Founded in 1903 in Hanover, Germany as Haftpflichtverband der Deutschen Industrie V.a.G (HDI), operating as a liability association insurer for the German iron and steel industry, the group has gone through numerous changes in branding and names over the succeeding generations. The HDI group was known as Hanover Re in 1966. With the acquisition of Gerling Konzern Allgemeine Versicherungs AG (Gerling Global) in 2006 the group was renamed HDI-Gerling. In 2016, it was renamed HDI Global Insurance Company. The HDI group manages the industrial lines division of the Talanx Group and has expanded operations to writing personal and commercial lines property and casualty, surplus lines, life, health and disability insurance, legal liability and retirement insurance products in over 150 countries. AM Best collectively rates ten (10) insurance subsidiaries of the HDI group, including HDI Specialty Insurance Company. For the years 2020 through 2023 the group was rated 'A' and assigned the financial size of XV (\$2bn - >).

SUBSEQUENT NOTEWORTHY OBSERVATIONS

Last revised: May 2024

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Financial Term	Definition
2y Dev/Surplus (IRIS #12)	Reflects the magnitude of two years of loss reserve development in relation to prior reported surplus. A positive ratio indicates the portion of reserves that may have been underestimated in prior years in relation to prior year's surplus. A negative ratio indicates the portion of reserves that may have been overestimated in prior years in relation to prior year's surplus.
2yr Res Development	The two-year increase or decrease in loss and loss adjustment expenses as a result of the re-estimation of reserves. A positive number indicates that reserves may have been underestimated in prior years. A negative number indicates that reserves may have been overestimated in prior years.
Affiliated Common Stock	The amount of common stock owned by the insurer that represents investments in affiliates or subsidiaries.
Affiliated CS / Surplus	The percentage of surplus that is comprised of investments in affiliates or subsidiaries.
AMB / S&P Ratings	Financial strength ratings from AM Best Company and Standard & Poor's. ¹
Cash & Invested Assets	Bonds, stocks, mortgage loans on real estate, real estate, cash related investments, contract loans, invested assets, write-ins and receivable for securities.
Cash & Invested Assets/Total Assets	A measure of liquidity that indicates the portion of assets held in cash or marketable securities.
Combined Ratio	A measure of overall underwriting profitability. It is the sum of the loss and expense ratios. A combined ratio of less than 100% indicates an underwriting profit.
Dividends to Stockholders	Distribution of earnings to stockholders paid in the form of money, stock, scrip, etc. The amount is decided by the board of directors.
DPW – Direct Premiums Written	Premiums written including gross premiums booked, adjusted for additional or return premiums, on policies where the company is the primary or direct carrier, as it relates to a specific line of business.
Expense Ratio	The ratio of underwriting expenses to net premiums written. The ratio represents the percentage of net premiums written that went toward underwriting expenses, such as commissions to agents and brokers, state and municipal taxes, salaries, employee benefits and other operating costs.
Gross Premiums	The total premium written and assumed by an insurer before deductions for reinsurance.
Loss & LAE Reserves	The estimated liability for unpaid insurance claims that have occurred as of a given evaluation date. Usually includes losses incurred but not reported (IBNR), losses due but not yet paid, and amounts not yet due. For individual claims, the loss reserve is the estimate of what will ultimately be paid out on that claim.
Loss & LAE Reserves/Surplus	Loss and loss adjustment expense reserves as a percentage of policyholders' surplus. The higher the value, the greater the insurer's reserve leverage and the greater the financial pressure on surplus.
Loss Ratio	The ratio of incurred losses and loss adjustment expenses to net premiums earned. A measure of the underlying profitability, or loss experience, of a total book of business.
Net Cash from Operations	Indicates net cash generated from insurance operations, including underwriting and investment activities, after accounting for dividends and taxes paid.
Net Income	The total after-tax earnings generated from operations as reported in the insurance company's statutory annual statement.
Net Investment Result	The return received by insurers from their investment portfolios including interest, dividends and realized capital gains/losses on stocks.
Net Premiums Earned	The portion of net premiums written that the policyholder has already paid and for which the insurance company has already afforded coverage.
Net Premiums Written	Represents gross premium written less reinsurance ceded.

Financial Term	Definition
Net Reins Rec / Surplus	Measures the dependence on reinsurers and potential exposure to adjustments on such reinsurance as a percentage of surplus.
Net Reins Recoverable	The total ceded reinsurance recoverables due for paid losses, unpaid losses, losses incurred but not reported (IBNR), unearned premiums and commissions less funds held from reinsurers.
Net Underwriting Results	Net premiums earned less incurred losses, loss adjustment expenses, and underwriting expenses incurred.
PH Div Ratio	A return of premium to policyholders based upon financial results of the company and lower-than-expected claims. Usually paid by mutual companies
Policyholder Surplus	The difference between total admitted assets and total liabilities. It also is the sum of paid in capital, paid in and contributed surplus, and net earned surplus, including voluntary contingency reserves. As of January 1, 2019, the minimum policyholder surplus requirement for eligible insurers in New York is \$47 million.
RBC Ratio (%)	<p>This ratio identifies the insurers that are inadequately capitalized by dividing total adjusted capital by the minimum amount of capital that regulatory authorities feel is necessary to support their operations and investments.</p> <p>A ratio of 200% or more results in “no action” from regulators. However, insurers whose ratio is between 200% and 300% may be subject to the Property/Casualty trend test, which will trigger a “Company Action Level” event if the insurer’s combined ratio is greater than 120%.</p> <p>A ratio of 150% to 200% results in a “Company Action Level”, under which the insurer must prepare a report to the regulator outlining a comprehensive action plan that identifies the conditions that contributed to their current financial condition as well as remediation plans.</p> <p>A ratio of 100% to 150% results in a “Regulatory Action Level”. In addition to the insurer filing an action plan, the state insurance commissioner is required to perform any examinations or analyses that he or she deems necessary and issue appropriate corrective orders to address the insurer’s financial problems.</p> <p>A ratio below 100% triggers an “Authorized Control Level” or “Mandatory Control Level”, under which the regulator can take steps to place the insurer under its control.</p>
Total Assets	Assets that are permitted by state law to be included in the company’s financial statements. Admitted assets generally include assets that are liquid and whose value can be objectively assessed, or receivables that can reasonably be expected to be paid.
Total Liabilities	A summation of all company obligations recognized on the balance sheet. This includes provisions for loss and unearned premium reserves, commissions payable and other balances due.

¹ AM Best - A Best’s Financial Strength Rating is an independent opinion of an insurer’s financial strength and ability to meet its ongoing insurance policy and contract obligations. It is not a warranty of a company’s financial strength and ability to meet its obligations to policyholders. “View our “Guide Best’s Credit Ratings” for rating disclosures related to the use and limitations of Best’s Credit Rating, and for additional information regarding the development of a Best’s Credit Rating, and other rating-related information and definitions. <https://web.ambest.com/home>

¹S&P - Please see “Intro to Credit Ratings” at <http://www.spglobal.com/understandingratings> to learn more.