

Report on the Examination

As of September 9, 2020

of

Champlain Specialty Insurance Company

by the





State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

For consumer assistance:
[Banking] 888-568-4547
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www.dfr.vermont.gov

Michael W. Roskiewicz, President
Champlain Specialty Insurance Company
199 Main Street
Burlington, Vermont 05401

Dear Mr. Roskiewicz:

ORDER OF ADOPTION

Pursuant to and in accordance with the provisions of Title 8, Chapter 101, § 3304, § 3308, § 3573, § 3574, and Chapter 138 of the Vermont Statutes Annotated, and other applicable laws, I do hereby adopt the Report on the Organizational Examination of Champlain Specialty Insurance Company

A handwritten signature in blue ink, appearing to read "M. Pieciak", written over a horizontal line.

Michael S. Pieciak, Commissioner

11/9/2020

Date



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September 9, 2020

Michael S. Pieciak, Commissioner
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

Dear Commissioner Pieciak:

Pursuant to Title 8 V.S.A. § 3308 and the examination order, the Insurance Division's financial examination team has conducted an examination of:

Champlain Specialty Insurance Company
with their offices located at
199 Main Street
Burlington, Vermont 05401

The organizational examination was performed to establish whether the Company's capitalization complies with pertinent provisions of Vermont law.



SCOPE OF EXAMINATION

The examination was conducted by the Department of Financial Regulation (the Department) in order to determine that Champlain Specialty Insurance Company (hereafter referred to as the Company or CSIC) is properly capitalized in accordance with 8 V.S.A. § 3304, § 3308, and §5026.

BACKGROUND & PLAN OF OPERATION

On December 17, 2019, the Department received application materials. On December 18, 2019, the Department received a petition for a hearing under 8 V.S.A. § 3305 to determine whether the formation and operation of CSIC would promote the general good of Vermont. A public hearing was held on February 14, 2020, consistent with the requirements of 8 V.S.A. § 3305. On April 22, 2020, the Commissioner entered an Order granting a Certificate of General Good to the Company. On April 29, 2020, the Company received a Certificate of Incorporation from the Vermont Secretary of State. On July 27, 2020 WestCongress Reinsurance Co. ("WestCongress Re") received a Certificate of Authority from the Department. On July 29, 2020, CSIC received a Certificate of Authority from the Department. On September 1, 2020, the Department issued a Certificate of Approval of Merger to the Company, approving the merger of WestCongress Re into CSIC.

The Company's management and owners previously operated WestCongress Re. WestCongress Re was a Cayman captive insurance company, owned by WestCongress Insurance Holdings LLC, that began business in 2016 and wrote reinsurance to support a specialty liability program managed by its affiliate, West Congress Insurance Services LLC (WCIS), a managing general agent. WCIS focused on market segments including energy, security, and roofing and artisan contractors. WestCongress Re re-domesticated to Vermont and merged into CSIC.

The Company's plan outlines two stages. First is to continue its reinsurance business produced through the WestCongress Program which was previously written by the Captive. The second stage will occur after achieving appropriate capital levels and rating from a nationally recognized rating agency, at which point CSIC anticipates becoming a direct writer of risks.

STOCK ISSUANCE AND CAPITALIZATION

The Company's Articles of Incorporation authorize the issuance of 100,000 shares of common stock with par value of \$0.01 and with unlimited voting rights. Capital of \$5,533,335 was transferred from WestCongress Re to the Company at the time of the merger and the owners contributed an additional \$14,042,000 in paid in capital to capitalize the Company.

CONCLUSION

As a result of this examination, the Department has concluded that the stock issuance and initial capitalization of CSIC complies with 8 V.S.A. § 3304, § 3308, and § 5026 and that the requirements for the issuance of a Certificate of Authority have been met.

Respectfully submitted,

Karen Ducharme

Karen Ducharme, CPA, CFE
Director of Company Licensing and Examinations
Division of Insurance
Vermont Department of Financial Regulation

STATE OF VERMONT
COUNTY OF WASHINGTON

Karen Ducharme, being duly sworn, deposes and says that the foregoing report submitted by her is true to the best of her knowledge and belief.

Subscribed and sworn to before me

This 3rd day of November, 2020

Elizabeth R. Sides

Notary Public

ELIZABETH R. SIDES
Notary Public - State of Vermont
Commission Number: 0003695
Commission Expires: 1/31/2021