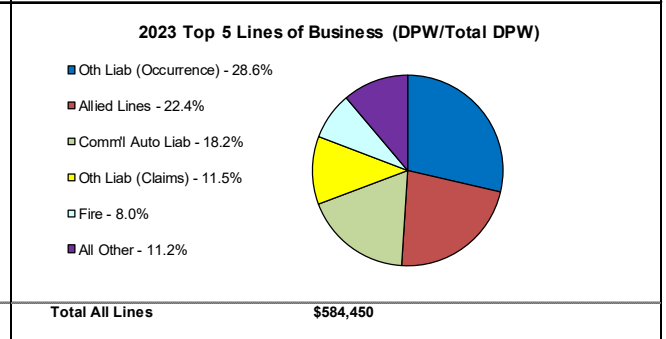
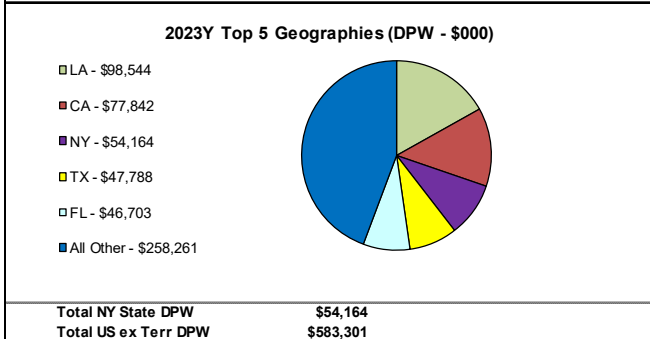
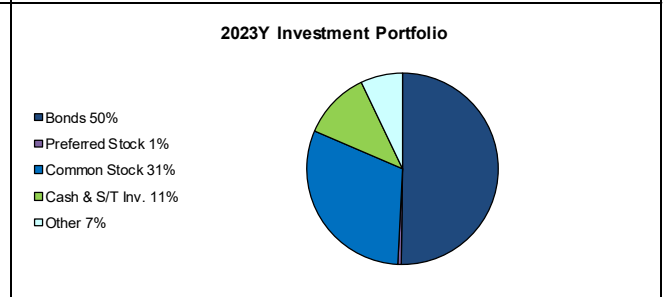
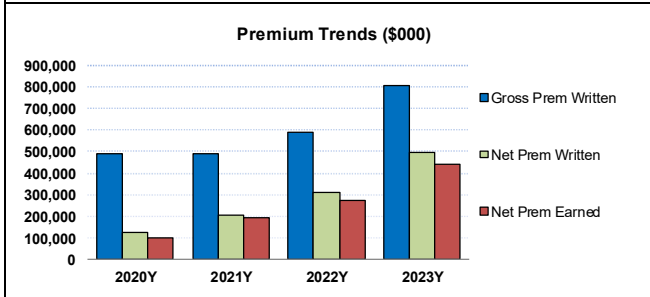
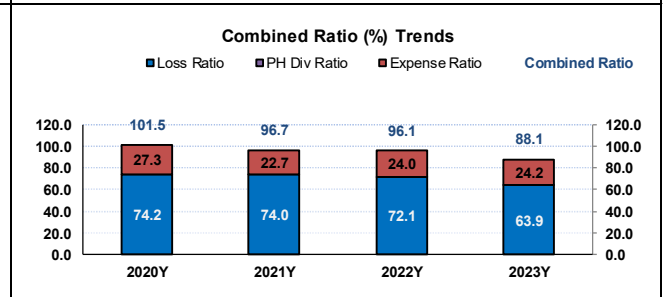
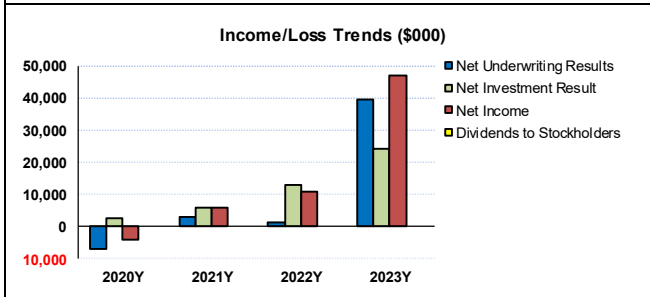




HOUSTON SPECIALTY INSURANCE COMPANY, NAIC #12936
PARENT – Skyward Specialty Insurance Group, Inc

Dollars in 000

	2020Y	2021Y	2022Y	2023Y		2020Y	2021Y	2022Y	2023Y
Total Assets	674,188	799,950	1,022,858	1,406,578	RBC Ratio (%)	504.5	464.5	368.9	362.7
Total Liabilities	331,932	430,367	614,691	803,662	2yr Res Development	-11,175	-19,421	-8,523	32,683
Policyholder Surplus	342,256	369,583	408,167	602,916	2yr Dev / Surplus	-422.8%	-573.8%	-249.0%	884.3%
Cash & Invested Assets	542,802	672,773	824,509	1,218,295	Affiliated Common Stck	153,583	219,418	276,328	336,001
Cash & Invested Assets / Total Assets	80.5%	84.1%	80.6%	86.6%	Affiliated CS / Surplus	44.9%	59.4%	67.7%	55.7%
Net Cash from Operations	34,744	107,428	175,244	237,981	Net Reins Recoverable	338,444	331,219	339,627	346,451
Loss & LAE Reserves	105,768	184,799	357,023	474,784	Net Reins Rec / Surplus	98.9%	89.6%	83.2%	57.5%
Loss & LAE Reserves/Surplus	30.9%	50.0%	87.5%	78.7%	AMB / S&P Ratings	A- / NR	A- / NR	A- / NR	A- / NR



TOP 5 REINSURERS FOR HOUSTON SPECIALTY INSURANCE CO BY GROSS RECOVERABLES

PERIOD: 2023Y

Dollars in 000

Reinsurer	Reinsurance Class	Reins Authorized Status	Gross Recov	Over 120 Days Overdue
1 - Everest Reinsurance Company	US Unaffiliated	Authorized	100,876	0
2 - Partner Reinsurance Company of the U.S.	US Unaffiliated	Authorized	34,244	0
3 - General Reinsurance Corporation	US Unaffiliated	Authorized	23,800	0
4 - Eurasia Insurance Company JSC	Non-US Unaffiliated	Unauthorized	23,257	0
5 - ACE Property and Casualty Insurance Company	US Unaffiliated	Authorized	19,741	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 – Skyward Specialty Insurance Group, Inc

Corporate Profile		Financial Strength Ratings
Address:	Skyward Specialty Insurance Group, Inc. 800 Gessner Road Houston, TX, 77024	S&P Global: - Moody's: #OUTSIDE SUBSCRIPTION Fitch: - AM Best - P&C: -
Website:	www.skywardinsurance.com	
President :	-	
Ticker Symbol:	NASDAQGS: SKWD	
SEC Filing:	10-K	

Highlights (\$000)	2020Y	2021Y	2022Y	2023Y
Total Assets	1,948,633	2,118,212	2,363,439	2,953,435
Total Policy Reserves	1,199,399	1,342,837	1,584,266	1,867,033
Total Debt	140,042	139,450	137,225	128,690
Total Other Liabilities	91,542	89,926	106,590	146,525
Sep Account Liabilities	0	0	0	0
Total Liabilities	1,555,108	1,692,132	1,941,777	2,292,404
Total Equity	303,222	426,080	421,662	661,031
Total Liab & Equity	1,858,330	2,118,212	2,363,439	2,953,435
Book Value / Share (\$)	NA	NA	19.47	16.58
Reserves / Investments & Cash (x)	1.36	1.27	1.31	1.09
Reserves / Liabilities (x)	0.77	0.79	0.82	0.81
Reserves / Equity (x)	3.96	3.15	3.76	2.82
Debt / Equity (x)	0.46	0.33	0.33	0.19
Dec. 31 Closing Price (\$)	NA	NA	NA	33.88
Net Income (\$)	-74,642	38,317	39,396	85,984
Basic EPS (\$)	NA	NA	1.24	2.34
Investment Yield (%)	NA	4.84	1.88	3.58
Ratios (%)				
Loss Ratio	83.90	70.90	65.30	62.10
Expense Ratio	26.40	26.90	28.70	28.60
PH Dividend Ratio	0.00	0.00	0.00	0.00
Combined Ratio	110.30	97.80	94.00	90.70

HISTORY

Houston Specialty Insurance Company (Houston Specialty) was incorporated in the State of Delaware in December 2006, as Naxos Insurance Company, a subsidiary of Delos Insurance Company (Delos), and itself a subsidiary of then Lightyear Delos Acquisition Company. The company and Delos were acquired in 2010 by the Houston International Insurance Group, Inc. (HIIG). The company adopted its current name in 2010 and re-domesticated to Texas in 2011. HIIG was acquired by Westaim Corporation (Westaim) (Toronto, Canada) in 2014. Financial and operations control remain with HIIG/Westaim. Houston Specialty has been eligible to write surplus lines business in New York since 2013. As of December 31, 2023, the company is licensed in Texas, and operated on a non-admitted basis in all fifty (50) states and the District of Columbia.

REINSURANCE

Houston Specialty cedes to various unaffiliated named and authorized reinsurers. For the years 2020 through 2023, respectively, Houston Specialty net reinsurance recoverable was shown as \$3384M, \$331M, \$340M and \$346M, representing 99%, 90%, 83% and 57% of company surplus.

HOLDING COMPANY - [Website](#)

Skyward was formed as a Delaware corporation on January 3, 2006, as an insurance holding company and operated under the Houston International Insurance Group, Ltd. name until re-branded as Skyward Specialty in November 2020. Skyward is a diversified specialty property & casualty insurance holding company, through its subsidiaries, underwrites commercial property and casualty insurance products in the United States. It offers general liability, excess liability, professional liability, commercial auto, group accident and health, property, surety, and workers' compensation insurance products. Skyward completed its initial public offering (IPO) on January 18, 2023, and majority owned by Westaim, a private equity firm founded in 1996, publicly traded under the TSXV Venture Exchange under the ticker WED, and based in Toronto, Canada. AM Best collectively rates four (4) insurance subsidiaries of HIIG, including Houston Specialty Insurance Company. For the years 2020 through 2023, the group was rated by AM Best as 'A-' and assigned the financial size of X (\$500M - \$750M).

SUBSEQUENT NOTEWORTHY OBSERVATIONS

AM Best has upgraded members of Skyward Specialty Insurance Group's rating including Houston Specialty to 'A' from 'A-'

Last revised: September 2024

AM Best Disclaimer Notice:

Please see "Understanding Best's Credit Ratings" at <http://www.ambest.com/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. Best's Credit Ratings® reproduced herein appear under license from A.M. Best and do not constitute, either expressly or impliedly, an endorsement of ELANY or its recommendations, formulas, criteria or comparisons to any other ratings, rating scales or rating organizations which are published or referenced herein. A.M. Best is not responsible for transcription errors made in presenting Best's Credit Ratings®. Best's Credit Ratings® are proprietary and may not be reproduced or distributed without the express written permission of A.M. Best Company.

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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.