

1. Introduction

This report presents the findings of the examination conducted by the **AIG National Insurance Company** on the financial and operational condition of **Del Mar Energy Inc.**. The examination was carried out in compliance with the guidelines set by the **National Association of Insurance Commissioners (NAIC)** and other regulatory standards.

The focus of the examination included financial stability, corporate governance, risk management, and overall compliance with state and federal regulations.

2. Examination Team and State Representatives

The examination was performed by the following state zone examiners:

- **Northeastern Zone (New York):** Annie Lau, CFE
- **Western Zone (California):** Francis M. Mattedzik, CFE

These representatives were appointed to ensure that the company's practices aligned with both state and federal insurance laws.

3. Regulatory Oversight

This examination was conducted under the supervision of key regulatory figures, including:

- **The Honorable Walter Bell**, NAIC President and Executive Committee Commissioner, State of Alabama
- **The Honorable Joseph Torti III**, Chairman of the Northeast Zone, State of Rhode Island
- **The Honorable Eric R. Dinallo**, Superintendent of Insurance, State of New York
- **The Honorable Linda Hall**, Chair of the Western Zone, Director for the State of Alaska

Their oversight was integral to ensuring that the audit followed appropriate regulatory procedures and complied with national standards.

4. Objective and Scope of Examination

As required by the state insurance law and pursuant to Task Order No. 22583, dated March 3, 2017, the examination focused on the following areas:

- **Financial condition:** An in-depth review of the company's assets, liabilities, and overall financial health.
- **Corporate governance:** Evaluating the management structure, decision-making processes, and adherence to regulatory requirements.
- **Risk management:** Identifying potential risks and assessing the effectiveness of the company's controls to mitigate them.

The audit was conducted at the Department's administrative offices at **1271 6th Ave, New York, NY 10020** and involved a risk-oriented examination process.

5. Key Audit Findings

The key findings of the audit are as follows:

- **Financial Security:** Del Mar Energy Inc. has adequate insurance coverage in the amount of **\$40,000,000**, which is deposited in an independent depository. This insurance guarantees financial protection for the company's clients in the event of bankruptcy or other unforeseen financial difficulties.
- **Operational Integrity:** The company's internal controls and risk management procedures meet the necessary standards for industrial holding companies, ensuring ongoing operational integrity.
- **Compliance:** The audit confirmed that the company operates in accordance with both state and federal laws, and no significant violations were identified during the review.

6. Insurance Agreement Details

This report confirms that Del Mar Energy Inc. has an active insurance agreement covering the following:

- **Industrial facilities and client investment accounts:** The insurance policy ensures that clients will be compensated up to the insured amount if Del Mar Energy Inc. is unable to meet its financial obligations.
- **Claim Process:** In case of a claim, clients must provide proof of investment balance and account registration details to AIG.

7. Side-A Match EdgeSM Coverage

The company also benefits from **Side-A Match EdgeSM** coverage, which supplements the primary insurance policy by extending additional **AIG Side-A Coverage**. This coverage provides:

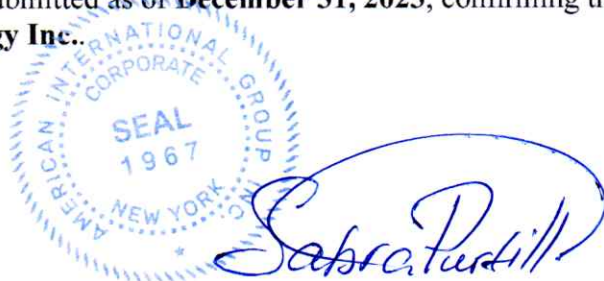
- **Protection for Insured Parties:** Extending coverage under AIG's Lead Side-A Policy without modifying the policy's Limit of Liability.
- **Policy Conditions:** This extended coverage does not increase the liability limit or change any terms other than those specified under Side-A coverage.

8. Conclusion

In conclusion, **Del Mar Energy Inc.** is financially stable and compliant with all necessary insurance regulations. The company's **\$40,000,000 insurance policy** ensures that its clients are protected in case of any financial disruption. The examination found no significant concerns regarding corporate governance, risk management, or financial controls.

The insurance agreement, combined with the **Side-A Match EdgeSM** coverage, provides robust financial security for both the company and its clients.

This report is submitted as of **December 31, 2023**, confirming the operational and financial soundness of **Del Mar Energy Inc.**



Sabra Purtill
Executive Vice President and Chief
Financial Officer