

OCT 03 2022

FILED

CERTIFICATION

October 3, 2022

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

COWBELL SPECIALTY INSURANCE COMPANY

AS OF

SEPTEMBER 15, 2022

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



A handwritten signature in blue ink, appearing to read "Eric Dunning", is written over a horizontal line.

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

COWBELL SPECIALTY INSURANCE COMPANY

8790 F STREET

OMAHA, NEBRASKA 68127

dated as of September 15, 2022, verified under oath by the examiner-in-charge on October 3, 2022 and received by the company on October 3, 2022, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 3rd day of October 2022.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', written in a cursive style.

Justin C. Schrader, CFE
Chief Financial Examiner

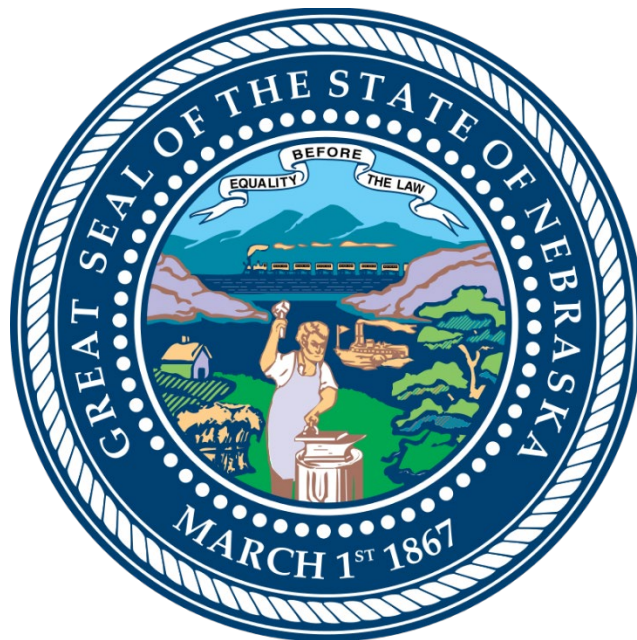
QUALIFYING EXAMINATION

OF

COWBELL SPECIALTY INSURANCE COMPANY

AS OF

SEPTEMBER 15, 2022



Lincoln, Nebraska
September 26, 2022

Honorable Eric Dunning
Director of Insurance
Nebraska Department of Insurance
1526 K Street, Suite 200
Lincoln, Nebraska 68508

Sir:

Pursuant to your instructions and statutory requirements, a qualifying examination has been made of the

COWBELL SPECIALTY INSURANCE COMPANY

which has its Registered Office located at

5601 South 59th Street, Suite C
Lincoln, NE 68516

with its Principal Executive Offices located at

8790 F Street
Omaha, NE 68127

(hereinafter also referred to as the “Company”) and the report of such examination is respectfully presented herein.

SCOPE OF EXAMINATION

The Company has made an application for a Certificate of Authority to transact the business of insurance as provided under Nebraska Revised Statute §44-5506.01 (Domestic Surplus Lines Insurer) and §44-201(4) through (14) and (16) through (20) (Property and Casualty Lines of Insurance). In order to determine whether such authority should be granted, this examination has been conducted to ascertain if the Company has met the capital, surplus, and organizational requirements set forth by Nebraska Law.

HISTORY

The Articles of Incorporation of the Company were filed with the Secretary of State of the State of Nebraska on July 1, 2022, and approved by the Nebraska Department of Insurance on July 11, 2022. Subsequently, the Articles of Incorporation were amended and filed with the Secretary of State of the State of Nebraska on September 14, 2022 and approved by the Nebraska Department of Insurance on September 15, 2022.

The Articles of Incorporation were executed by the following Incorporators:

<u>Name</u>	<u>Address</u>
Tom Callanan	Salt Lake City, Utah
Trent Cooksley	Omaha, Nebraska
Kurt Eaves	Grinnell, Iowa
Rajeev Gupta	Dublin, California
Jagannath Kudale	Pleasanton, California

CAPITAL STOCK

Article VIII of the Articles of Incorporation states, “the capital stock of the Corporation shall be a total of 100,000,000 shares of common stock, with par value of one cent per share. The total par value of the capital stock of the Corporation is \$1,000,000.” At the date of this qualifying examination, the Company’s total issued and outstanding common stock consisted of 100,000,000 shares that had been subscribed to and purchased by Cowbell Cyber Inc., a California Corporation, for a total purchase price of \$1,000,000. Cowbell Cyber Inc. also contributed an additional \$18,000,000. The Company’s capital structure therefore consists of \$1,000,000 in common stock and \$18,000,000 in paid-in and contributed surplus.

MANAGEMENT

Shareholders

Article II, Section 2.2 of the By-Laws of the Company provides that, “the annual meeting of Shareholders, commencing with the year 2022, shall be held at such place within or without the State of Nebraska and at such time and on such date as may be specified in the notice of meeting or in a duly executed waiver thereof.”

Board of Directors

Article III, Section 3.1 of the By-Laws states, “the number of Directors shall be at least five (5), each of who are at least eighteen (18) years of age and at least one (1) of whom is a resident of the State of Nebraska... Each Director shall hold office until the next annual meeting of the Shareholders or until his successor shall have been elected and qualified. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by election at an annual meeting or at a special meeting of Shareholders called for that purpose.” In addition, the By-Laws state, “a majority of the total number of Directors shall constitute a quorum for the transaction of business. The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board. If less than a quorum be present at any meeting, those present may successively adjourn the meeting to a specified future date, without notice other than announcement of the time and place of the meeting.”

In lieu of a meeting, an action of written consent was given by the Chief Executive Officer of Cowbell Cyber Inc., dated August 4, 2022, that the following persons be elected to the Board of Directors:

Name**Address**

Tom Callanan
Trent Cooksley
Kurt Eaves
Rajeev Gupta
Jagannath Kudale

Salt Lake City, Utah
Omaha, Nebraska
Grinnell, Iowa
Dublin, California
Pleasanton, California

Officers

Article V, Section 5.1 of the By-Laws states, “the Board, at its initial meeting and thereafter at its first regular meeting after each annual meeting of Shareholders, shall elect a President, Vice President, Secretary and Treasurer. The Board may also elect a Chairman of the Board, additional Vice Presidents or Sr. Vice Presidents or Executive Vice Presidents or Divisional Vice Presidents (the number thereof to be determined by the Board), one or more Assistant Secretaries and one or more Assistant Treasurers, and any other Officer positions deemed appropriate by the Board at any time. Two or more offices may be held by the same person. The Board may appoint such other Officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.” The By-Laws also state, “each Officer of the Company chosen by the Board shall hold office until the first meeting of the Board following the next annual meeting of Shareholders (or such meeting as is held in lieu of any such regularly-scheduled annual meeting), or following the execution by the Shareholders of a consent to the election of any Directors in lieu of any such regularly-scheduled annual meeting, and until his successor is chosen and qualifies or until his earlier death or resignation or removal in the manner hereinafter provided. Any Officer or agent chosen by the Board may be removed at any time by the affirmative vote of a majority of the Board whenever

in its judgment the best interests of the Company would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.”

In lieu of a meeting, an action by unanimous written consent was taken by the Board of Directors of the Company, dated July 11, 2022, that the following persons be elected for the positions indicated:

<u>Name</u>	<u>Position</u>
Jagannath Kudale	Chief Executive Officer & President
Trent Cooksley	Executive Vice President & Chief Operating Officer
Neeraj Juneja	Executive Vice President, Chief Financial Officer & Treasurer
Caroline Thompson	Vice President & Chief Underwriting Officer
Theresa Le	Vice President, Secretary & Chief Claims Officer

CORPORATE RECORDS

The Articles of Incorporation have been properly filed with the Secretary of State of the State of Nebraska. The original By-Laws and other pertinent documents pertaining to the incorporation of the Company have been filed with the Nebraska Department of Insurance. The consents of the Shareholder and Board of Directors was reviewed and appeared to be in order.

Pursuant to Nebraska Revised Statute pursuant to Nebraska Revised Statute §44-205.01(b), the Articles state that the registered office of the Company shall be located at 5601 South 59th Street, Suite C, in Lincoln, Nebraska.

FINANCIAL STATEMENT

The following statements reflect the Company's financial condition as of
September 15, 2022:

BALANCE SHEET
September 15, 2022

Assets

Bonds – statutory deposit	\$ 100,650
Cash and cash equivalents	18,899,072
Investment income due and accrued	<u>278</u>
Total assets	<u>\$19,000,000</u>

Liabilities, Capital and Surplus

Total liabilities	\$ <u>0</u>
Common capital stock	\$ 1,000,000
Gross paid in and contributed surplus	<u>\$18,000,000</u>
Total capital and surplus	<u>\$19,000,000</u>
Total liabilities, capital and surplus	<u>\$19,000,000</u>

ASSETS

Bonds – statutory deposit **\$ 100,650**

The Company purchased a U.S. Treasury Note, which has a par value of \$110,000, to serve as the statutory deposit for Nebraska. The book value of the bond was \$100,650. The deposit was verified by confirming the account with the receiving bank.

Cash and cash equivalents **\$18,899,072**

On August 19, 2022, the Company received \$1,000,000 from Cowbell Cyber, Inc. for the initial capitalization of the Company. On September 13, 2022, the Company received an additional \$18,000,000 for additional paid-in capital. After purchasing the U.S. Treasury Note, the Company had a total of \$18,899,072 in cash. This asset was verified by confirming the account with the bank, and by reviewing the funds transfer documentation.

Investment income due and accrued **\$ 278**

The bonds account had an accrued interest of \$278.

LIABILITIES, CAPITAL AND SURPLUS

Liabilities **\$ 0**

The Company had no liabilities at the time of this examination.

Common capital stock **\$1,000,000**

The Company's 100 outstanding shares were purchased by Cowbell Cyber Inc. on August 2, 2022 and the remaining 99,999,900 outstanding shares were purchased by Cowbell Cyber Inc. on August 19, 2022 for \$0.01 per share pursuant to the stock certificates. The stock certificates were reviewed for accuracy.

Paid in and contributed surplus

\$18,000,000

Cowbell Cyber Inc. made a cash contribution to the Company totaling \$18,000,000. The contribution was verified by reviewing the Company's bank statement for the cash account and the funds transfer documentation.

GENERAL COMMENTS

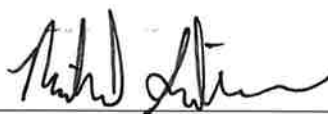
In accordance with Nebraska Revised Statute §44-208, "no domestic insurance company shall issue, cause, or allow to be issued any stock or stock subscriptions at any time upon which all expenses of distribution and sale, including promotion, commissions, and underwriting fees, exceed ten percent of the amount paid in money upon such stock or stock subscriptions."

An affidavit signed by the Treasurer of the Company stating that none of the assets of the Company have been pledged or in any way impaired has been obtained. The signed affidavit also states that all of the known expenses unpaid pursuant to Nebraska Revised Statute §44-208 are estimated to be \$0, and that all of the expenses of the organization of the Company will not exceed ten (10) percent of the initial paid-in capital stock and surplus of the Company.

CONCLUSION

Capital, surplus, and organizational filing requirements have been met by the Company as required by the Nebraska Insurance Statutes. All items reviewed appeared properly stated. It is recommended that a Certificate of Authority be granted to this Company to transact the business of insurance as provided under Nebraska Revised Statute §44-5506.01 and §44-201(4) through (14) and (16) through (20).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Sullivan", written over a horizontal line.

Michael Sullivan, CFE
Financial Examiner
Nebraska Department of Insurance

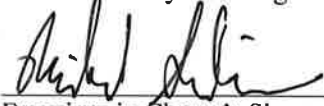
State of Nebraska,

County of Lancaster,

Michael Sullivan, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Cowbell Specialty Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Cowbell Specialty Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

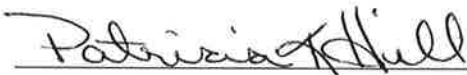


Examiner-in-Charge's Signature

Subscribed and sworn before me by Michael Sullivan on this 3 day of Oct, 2022.



(SEAL)



Notary Public

My commission expires 8-8-23 [date].