

**EXAMINATION REPORT**  
**OF**  
**FIRST FOUNDERS ASSURANCE COMPANY**  
**CHESTER, NEW JERSEY**  
**AS OF**  
**DECEMBER 31, 2024**  
**NAIC COMPANY CODE 12150**

**FILED**

**111N 05 2026**

**COMMISSIONER**  
**NJ DEPT OF BANKING & INSURANCE**

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**State of New Jersey**  
DEPARTMENT OF BANKING AND INSURANCE  
DIVISION OF INSURANCE  
OFFICE OF SOLVENCY REGULATION  
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May 15, 2026

Honorable Susan Ochs  
Acting Commissioner  
Department of Banking and Insurance  
State of New Jersey  
20 West State Street  
P.O. Box 325  
Trenton, New Jersey 08625

Acting Commissioner:

In accordance with the authority vested in you by the Revised Statutes of New Jersey, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

**FIRST FOUNDERS ASSURANCE COMPANY**  
CHESTER, NEW JERSEY 07930  
NAIC COMPANY CODE 12150

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, First Founders Assurance Company will be referred to in this report as the "Company" or "FFAC".

## **SCOPE OF THE EXAMINATION**

This risk-focused examination was called by the Commissioner of Banking and Insurance of the State of New Jersey pursuant to the authority granted by Section 17:23-22 of the New Jersey Revised Statutes.

This examination was performed as a single state examination and covers the period January 1, 2020, to December 31, 2024, with a review of such prior and subsequent transactions as deemed necessary.

The New Jersey Department of Banking and Insurance (“NJDOBI”) conducted the examination in accordance with the 2024 edition of the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (the “NAIC Handbook”). The NAIC Handbook requires NJDOBI to plan and perform the examination in order to evaluate the financial condition and identify prospective risks of the Company. To meet these objectives NJDOBI obtained information regarding the Company’s corporate governance environment, identified and assessed inherent risks to which it is exposed and evaluated the Company’s system of internal controls and procedures used to mitigate identified risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation, management’s compliance with Statutory Accounting Principles and Annual Statement instructions when applicable to domestic state regulations.

According to the NAIC Handbook, “One of the increased benefits of the enhanced risk focused approach is to include consideration of other than financial risks that could impact the insurer’s future solvency. By utilizing the enhanced approach, the examiner reviewed the “financial” and “enterprise” risks that existed at the examination “as of” date and will be positioned to assess “financial” and “enterprise” risks that extend or commence during the time the examination was conducted and “prospective” risks which are anticipated to arise or extend past the point of examination completion. Using this approach examiners will be better positioned to make recommendations for appropriate future supervisory plans (i.e., earlier statutory exams, limited-scope exams, key areas for financial analysts to monitor, etc.) for each insurer.”

All accounts and activities of the Company were considered in accordance with the risk-focused examination process and NJDOBI.

## **HISTORY AND KIND OF BUSINESS**

The Company was incorporated as a stock corporation pursuant to a Certificate of Incorporation dated December 25, 2003. The Certificate was approved by the Attorney General on June 25, 2004, recorded with the Bergen County Clerk on July 26, 2004, and filed with the Department on July 26, 2004. The Company commenced business operations on August 16, 2004, with its original office located in Englewood Cliffs, New Jersey. On March 18, 2016, the Certificate of Incorporation was amended to reflect the Company’s relocation to its current headquarters in Chester, New Jersey

As of December 31, 2024, the Company’s authorized, issued, and outstanding capital stock consisted of 10,000 shares of common stock with a par value of \$100.00 per share, totaling \$1,000,000. In accordance with N.J.S.A. 17:17-8, all authorized shares of a stock company must be issued; therefore, all 10,000 authorized shares were issued and outstanding as of that date.

Subsequent to December 31, 2024, the Company’s par value for common changed from \$100 to \$300. As a result, the Company’s capital increased from \$1,000,000 to \$3,000,000. That change was approved by the New Jersey Attorney General on February 19, 2025, in accordance with NJ statute by the DOBI on March 4, 2025 and recorded with the county on March 6, 2025.

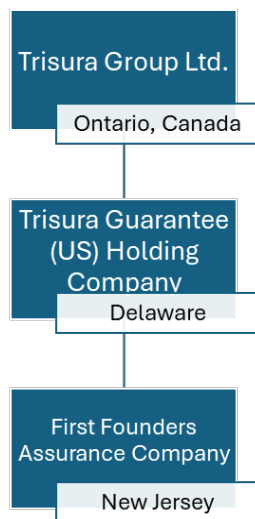
The Company did not pay dividends during this examination.

### **PARENT, SUBSIDIARIES AND AFFILIATES**

As of the examination date, all issued and outstanding shares of FFAC were owned and controlled by Trisura Guarantee US Holding Company (“TGHC”), the parent company, which is ultimately owned by Trisura Group Ltd. (“TG”). The Company was acquired by both TG and TGHC on 3/15/24. The Company’s shares are not publicly traded.

Prior to the acquisition, the Company was owned by The Sheppard Group, LLC ("Sheppard"), a privately held New Jersey investment company, which was 100.0% owned by the Shea 2017 Common Trust (“Trust”), which owns C.A. Shea & Company, Inc. (“Shea”). Shea is a specialty wholesale/intermediary insurance broker that served as FFAC’s MGA, sole broker, and producer and issued all the Company’s insurance policies, pursuant to a Management Agreement effective 03/29/05. The officers of FFAC were also the key executives of Shea and managers of Sheppard.

The following is an organizational chart:



## **INTERCOMPANY AGREEMENTS**

The Company is a party to an intercompany agreement with Trisura Group Ltd, and all the underlying Trisura entities, there is a sharing of expenses incurred for the benefit of First Founders that are being allocated back to the entity. This transaction occurred as of 12/31/2024 and it is bringing expense related to salary, salary taxes, software expense, investment management expense and directors' fees. The total expense allocation to First Founders Assurance Company was \$404,944 as of 12/31/2024.

Post-acquisition, FFAC terminated the Management Agreement with Shea, and subsequently entered a new Broker Agreement on 03/22/24, whereby Shea will remain the exclusive producer and servicer for FFAC's US customs bonds. In accordance with this agreement and, with the written authorization of Shea, other producers may also write select federal bonds

## **TERRITORY AND PLAN OF OPERATION**

The Company is a New Jersey-domiciled stock insurance company licensed to write fidelity and surety business, pursuant to N.J.S.A. 17:17-1(g) and was incorporated on 12/26/03. FFAC operates primarily as a monoline surety company specializing in the issuance of US Custom bonds, also issuing federally mandated bonds related to importing and exporting, including bonds for the Federal Marine Commission, Bureau of Alcohol, Tobacco and Firearms, Carnet bonds posted to the US Council for International Business and contract surety and standard, commercial bonds and excluding bail bonds.

The Company writes business in 20 States. Subsequent to year end December 31, 2024, the Company got licensed in an additional 28 states for a total of 48 states.

## **REINSURANCE**

As of 12/31/24, amounts recoverable remained unchanged at \$0 from prior year end, with no reinsurance in dispute.

In 2024, the Company was added to Trisura's Excess of Loss ("XOL") treaty (\$94M policy limit), comprised of a syndicated panel of 11 high quality reinsurers. FFAC expects to remain a party to this treaty moving forward. Although prior to 2024, FFAC did not participate in reinsurance, given the low volume of bonds which are reinsured within treaty limits, collectability is not a material risk.

Additional mitigation includes a facultative reinsurance to be used on a case-by-case basis if a bond requiring a treasury listing is issued above the approved underwriting limit.

## **MANAGEMENT AND CONTROL**

The affairs of the Company are managed, and its corporate powers are exercised by a three (3) member Board of Directors. Some of the Board members are senior officers of the Company. The Board of Directors and Officers as of December 31, 2024, are as follows:

## Board of Directors

Directors	Occupation
Chris Yoshio Sekine	President and Chief Executive Officer
David Charles Scotland	Treasurer
Robert Taylor	Director, Audit Committee TG

## Officers

Officers	Occupation
Chris Yoshio Sekine	President and Chief Executive Officer
Allison Michelle Kenworthy	Chief Financial Officer
Terry Michalakos	Senior Vice President
Micah Aaron Gautreaux *	Secretary
David Charles Scotland	Treasurer
George Robert James	Chief Underwriting Officer
Kyle William Schovanec	Chief Accounting Officer

\*Effective February 28, 2026 Micah Gautreaux resigned as Secretary of FFAC and was replaced by Joanna Grossman.

## Committees

The audit committee of TG serves as the audit committee of the Company and one of the board members of the Company is a member of the audit committee. The charter sets forth the purposes, goals and responsibilities of the committee and, in certain cases, qualifications for committee membership, procedures for committee membership, committee structure and operations and committee reporting to the Board.

## Officers

The Company's by-laws indicate that officers are to be chosen annually by the Board and shall consist of a Chief Executive Officer, a President, a Secretary and a Treasurer. Additionally, the one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers may be appointed.

## **CORPORATE RECORDS**

A review of the minutes of the meetings of the Stockholders, Directors and Committees indicates that the Directors adequately approve and support Company transactions and events.

## **CONFLICT OF INTEREST**

The Company has established procedures for the reporting of conflicts of interest by directors, officers and key employees. Directors, officers and key employees are required to complete Conflict of Interest Statements on an annual basis. Additionally, the directors, officers and key employees stipulate that they will notify management immediately if a potential conflict arises in the interim. No exceptions were noted during the examination review.

## **FIDELITY BOND AND OTHER INSURANCE COVERAGES**

The Company's ultimate parent, Trisura Group, carries Fidelity Bond coverage with licensed carriers. The amount of the Bond meets the recommendation amount suggested by the NAIC Financial Condition Handbook. The Company also maintains the appropriate amounts of other insurance coverages, such as workers compensation, umbrella, cyber, directors and officers, etc.

## **INFORMATION SYSTEMS CONTROL REVIEW**

The Company has a formal disaster recovery plan that includes backup procedures, failover precautions, emergency contacts, cybersecurity, anti-virus support and a dedicated offsite storage location in order to maintain the stability and continuity of the Company's operations in the event of a man-made or natural disaster. The IT Examiner reviewed the plan without exception and confirmed that the Company performs annual data restoration tests in compliance with NAIC standards.

Based on the Information Technology (IT) examination, the overall risk mitigation strategies/controls related to the information systems identified for the Company have been determined to be Effective.

In the opinion of the IT examiner, there are no IT-related examination report comments or recommendations.

## **TREATMENT OF POLICYHOLDERS**

The review of the Company's complaint log indicated that the Company maintains its complaint log in accordance with N.J.S.A. 17:29B-4(10). No complaints were received by the Company since the acquisition in March 2024.

## **POLICY FORMS AND UNDERWRITING PRACTICES**

Inspection of copies of policy forms in use determined these forms were approved by the NJDOBI in accordance with N.J.A.C. 11:21-4.2.

## **ACCOUNTS AND RECORDS**

The Company's general ledger system is Microsoft Dynamics GP (Great Plains) with segregated controls between preparer and approver. This ledger system is consistent for all Trisura entities.

Pursuant to N.J.A.C. 11:2-26.4 an annual audit was performed by the CPA firm AmperEisner LLP and an audited financial CPA report was filed with the Commissioner of the NJDOBI. The report contains a synopsis of the major audit activities and results in the corporate area. The auditors issued an unqualified opinion and no areas of major concern were reported

**FINANCIAL STATEMENTS AND OTHER EXHIBITS**

Exhibit A – Balance Sheet as of December 31, 2024

Exhibit B – Underwriting and Investment Exhibit for the five-year  
Period Ended December 31, 2024

Exhibit C – Capital and Surplus Account for the five-year Period  
Ended December 31, 2024

BALANCE SHEET AS OF DECEMBER 31, 2024

Exhibit A

	Balance per <u>Company</u> 12/31/2024	Balance per <u>Examination</u> 12/31/2024	<u>Note</u>
<u>Assets:</u>			
Bonds	\$46,031,205	\$46,031,205	1
Cash & short-term investments	17,607,154	17,607,154	
Investment income due and accrued	648,846	648,846	
Uncollected premiums and agents' balances	118,220	118,220	
Net deferred tax asset	<u>32,121</u>	<u>32,121</u>	
<b>Total Assets</b>	<b><u>\$64,437,546</u></b>	<b><u>\$64,437,546</u></b>	
<u>Liabilities:</u>			
Losses	\$246,289	\$246,289	2
Loss adjustment expenses	6,074	6,074	2
Other expenses	91,476	91,476	
Taxes, licenses and fees	39,315	39,315	
Current federal and foreign income taxes	267,027	267,027	
Net deferred tax liability	5,378	5,378	
Unearned premiums	250,239	250,239	
Ceded reinsurance premiums payable	23,969	23,969	
Amounts withheld or retained by company	972,309	972,309	
Payable to parent, subsidiaries and affiliates	<u>316,821</u>	<u>316,821</u>	
<b>Total liabilities</b>	<b><u>\$2,218,897</u></b>	<b><u>\$2,218,897</u></b>	
Common capital stock	\$1,000,000	\$1,000,000	3
Gross paid in and contributed surplus	56,488,123	56,488,123	3
Unassigned funds	<u>4,730,528</u>	<u>4,730,528</u>	
Surplus as regards policyholders	<u>62,218,651</u>	<u>62,218,651</u>	3
<b>TOTALS</b>	<b><u>\$64,437,548</u></b>	<b><u>\$64,437,548</u></b>	

UNDERWRITING AND INVESTMENT EXHIBIT  
FIVE YEARS ENDED DECEMBER 31, 2024

Exhibit B

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>UNDERWRITING INCOME</u>					
Premiums earned	<u>\$358,288</u>	<u>\$357,959</u>	<u>\$398,534</u>	<u>\$369,078</u>	<u>\$336,976</u>
Deductions:					
Losses incurred	\$84,412	\$25,627	\$13,839	\$22,102	\$(201,400)
Loss adjustment expenses incurred	27,318	23,785	13,774	(4,777)	(60,916)
Other underwriting expenses incurred	<u>258,844</u>	<u>262,204</u>	<u>284,183</u>	<u>271,773</u>	<u>685,373</u>
Total underwriting deductions	<u>\$370,573</u>	<u>\$311,616</u>	<u>\$311,796</u>	<u>\$289,098</u>	<u>\$423,057</u>
Net underwriting gain or (loss)	<u>\$(12,285)</u>	<u>\$46,343</u>	<u>\$86,738</u>	<u>\$79,980</u>	<u>\$(86,081)</u>
<u>INVESTMENT INCOME</u>					
Net investment income earned	\$173,742	\$158,586	\$181,621	\$190,587	\$1,486,738
Net realized capital gains or (losses)	<u>(1,558)</u>	<u>16,349</u>	<u>117</u>	<u>(947)</u>	<u>(81,133)</u>
Net investment gain or (loss)	<u>\$172,183</u>	<u>\$174,935</u>	<u>\$181,738</u>	<u>\$189,640</u>	<u>\$1,405,605</u>
<u>OTHER INCOME</u>					
Net gain or loss from agents balances charged off	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Miscellaneous Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Income	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net income before dividends to policyholders and before federal and foreign income taxes	\$159,898	\$221,278	\$268,476	\$269,620	\$1,319,524
Dividends to policyholders	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net income after dividends to policyholders but before federal and foreign income taxes	\$159,898	\$221,278	\$268,476	\$269,620	\$1,319,524
Federal and foreign income taxes incurred	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>267,388</u>
<u>NET INCOME</u>	<u>\$159,898</u>	<u>\$221,278</u>	<u>\$268,476</u>	<u>\$269,620</u>	<u>\$1,052,136</u>

CAPITAL AND SURPLUS ACCOUNT  
FIVE YEARS ENDED DECEMBER 31, 2024

Exhibit C

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Surplus as regards policyholders:					
December 31, prior year	\$5,262,666	\$5,365,315	\$5,624,654	\$5,875,047	\$6,149,884
Net income	159,898	221,278	268,476	269,620	1,052,136
Change in unrealized capital gains (losses)	(57,248)	38,061	(18,083)	5,217	(97,506)
Change in unrealized foreign exchange	0	0	0	0	0
Change in net deferred income tax	0	0	0	0	26,743
Change in nonadmitted assets	0	0	0	0	(729)
Cumulative effect on changes in accounting principles	0	0	0	0	0
Paid in surplus	0	0	0	0	55,088,123
Dividends to stockholders	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase or (decrease) in surplus as regards policyholders	<u>\$102,650</u>	<u>\$259,339</u>	<u>\$250,393</u>	<u>\$274,837</u>	<u>\$56,068,767</u>
Surplus as regards policyholders:					
December 31, current year	<u>\$5,365,315</u>	<u>\$5,624,654</u>	<u>\$5,875,047</u>	<u>\$6,149,884</u>	<u>\$62,218,651</u>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Note 1 – BONDS**

The Company reported an admitted asset for bonds of \$46,031,205 at December 31, 2024. The Company did not have any investment in preferred or common stock at December 31, 2024. These amounts will be accepted as stated by this examination.

### **Note 2 – LOSSES**

At December 31, 2024, the Company reported a net liability for Losses and Loss Adjustment Expenses of \$246,289 and \$6,074, respectively. The actuarial review of the Loss and Loss Adjustment Expenses Reserves was performed in conjunction with the coordinated exam.

### **Note 3 – CAPITAL AND SURPLUS**

This examination determined total capital and surplus to be in the amount of \$62,218,651, which agrees with the amount reported by the Company at December 31, 2024, as summarized:

Common Capital Stock	\$ 1,000,000
Gross Paid-In and Contributed Surplus	56,488,123
Unassigned Funds (Surplus)	<u>4,730,528</u>
Total	\$ <u>62,218,651</u>

The Company's stock is comprised of 10,000 shares (authorized and issued; 0 outstanding) with a total value of \$1,000,000.

The Company was determined to be in compliance with the statutory minimum capital and surplus requirements specified by N.J.S.A. 17:17-1 at December 31, 2024.

It was determined that, during 2024, the Company received \$55 million in cash capital contributions from its parent, Trisura Group.

The examination resulted in no material findings affecting the Company's surplus as stated.

## **SUBSEQUENT EVENTS**

Subsequent to December 31, 2024, the Company received licenses in an additional 28 states.

Effective February 28, 2026 Micah Gautreaux resigned as Secretary of FFAC and was replaced by Joanna Grossman.

Subsequent to December 31, 2024, the Company's par value for common changed from \$100 to \$300. As a result, the Company's capital increased from \$1,000,000 to \$3,000,000. That change was approved by the New Jersey Attorney General on February 19, 2025, in accordance with NJ statute by the DOBI on March 4, 2025 and recorded with the county on March 6, 2025.

## **SUMMARY OF EXAMINATION RECOMMENDATIONS**

There were no recommendations.

## **CONCLUSION**

The undersigned hereby certifies that an examination has been made of First Founders Assurance Company and the foregoing report is true to the best of my knowledge and belief.

Respectfully submitted,



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Lori Ruggiero, CFE, CIE, MCM  
Examiner-in-Charge  
The NOVO Consulting Group, LLC  
Representing the State of New Jersey Department of  
Banking and Insurance

Under the supervision of:



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Nancy Lee Chice, CFE  
CFE Reviewer – Supervising Examiner  
New Jersey Department of Banking and Insurance

**NOTARIZATION**

**First Founders Assurance Company**

I, Lori Ruggiero, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2024, to the best of my information, knowledge, and belief.

Respectfully Submitted,

*Lori Ruggiero*

\_\_\_\_\_  
Lori Ruggiero, CFE, CIE, MCM  
Examiner-in-Charge  
The NOVO Consulting Group, LLC  
Representing the State of New Jersey Department of  
Banking and Insurance

Under the supervision of:

*Nancy Lee Chice*

\_\_\_\_\_  
Nancy Lee Chice, CFE  
CFE Reviewer – Supervising Examiner  
New Jersey Department of Banking and Insurance

State of New Jersey  
County of Mercer

Subscribed and sworn to before me, *Margaret Greco*, on  
this 15 day of May, 2026.

*[Signature]*

\_\_\_\_\_  
Notary Public of New Jersey  
My commission expires: 5/17/2029

