

REPORT ON EXAMINATION AS TO THE CONDITION OF

BONDEX INSURANCE COMPANY

AS OF DECEMBER 31, 2023

NAIC GROUP CODE 1302

NAIC COMPANY CODE 12965

FILED

JUN 27 2025

**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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PHIL MURPHY
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JUSTIN ZIMMERMAN
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May 27, 2025

Honorable Justin Zimmerman
Commissioner of Banking and Insurance
State of New Jersey
20 West State Street
P.O. Box 325
Trenton, New Jersey 08625

Commissioner:

In accordance with the plan adopted by the National Association of Insurance Commissioners for examination of insurance companies, a financial condition examination has been made of:

BONDEX INSURANCE COMPANY
FLORHAM PARK, NEW JERSEY 07932
NAIC GROUP CODE 1302
NAIC COMPANY CODE 12965

a domestic property and casualty insurance company authorized to transact business in the State of New Jersey. Hereinafter referred to as the "Bondex" or the "Company."

SCOPE OF THE EXAMINATION

The New Jersey Department of Banking and Insurance (“NJDOBI” or “Department”) conducted a risk-focused examination of the Company. The examination was made as of December 31, 2023, and addressed the five-year period from January 1, 2019, to December 31, 2023. 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 N.J.S.A. Section 17:23-22 of the New Jersey Revised Statutes. During this period, the Company’s reported admitted assets increased from \$12,859,320 to \$22,782,117, and total surplus increased from \$4,628,028 to \$17,927,377.

This examination was part of the coordinated examination of Builders Insurance (An Association Captive Company) (“BIACC”) and affiliated insurance subsidiaries, conducted by the Delaware Insurance Department (“DID”). The examination was conducted in accordance with the proposed risk-focused procedures and guidelines prescribed by the National Association of Insurance Commissioners (“NAIC”). This examination, for common subject matter, relied upon the DID to identify risk classifications and inherent risks of key functional activities. DID was also responsible for the preparation of matrices that identify controls and risk mitigation strategies. Finally, DID determined residual risk and prepared substantive test procedures deemed necessary.

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. The examination report only addresses regulatory information revealed by the examination process in accordance with the NAIC Handbook. All other financial matters were reviewed and determined not to be material for discussion in this report.

COMPLIANCE WITH PRIOR REPORT ON EXAMINATION RECOMMENDATIONS

The following are the comments and recommendations from the prior report on examination and the Company’s compliance therewith:

Corporate Records

It was recommended that the Company adequately support transactions and events in the minutes of the Board of Directors and Audit Committee in accordance with NAIC best practices. The Company complied with this recommendation.

Continuity of Operations

It was noted that Company did not perform testing of their disaster recovery plan. It was recommended the Company simulate a disaster recovery test to identify and document essential deficiencies that might exist, which could potentially impede the process necessary to establish and restore either basic or critical systems and functions in a timely manner. The Company complied with this recommendation.

Policy on Conflicts of Interest

A review of the minutes did not indicate that the Board reviewed or approved the conflict(s) of interest questionnaires. It was recommended that the minutes include an approval of the Board of their review of conflict(s) of interest questionnaires. The Company complied with this recommendation.

Treatment of Policyholders

The Company indicated that they do not maintain complaint logs and were determined to not be in compliance with N.J.S.A. 17:29B-4(10). It was recommended that the Company maintain complaint logs for each year to be in compliance with N.J.S.A. 17:29B-4(10). The Company complied with this recommendation.

Note 1: Receivable from Parent, subsidiaries and affiliates

It was recommended the Company ensure all inter-company balances are supported by inter-company agreements, the balances have a clear audit trail, and the balances are settled on a timely basis. The Company complied with this recommendation.

HISTORY

The Company was incorporated as a stock company by means of a Certificate of Incorporation dated March 20, 2007. The Certificate was approved by the Attorney General on April 2, 2007, recorded in the office of the Morris County Clerk on April 24, 2007, and filed with the Department of Insurance on April 24, 2007.

Through a Certificate of Authority dated June 8, 2007, the Company is authorized to transact the kinds of business of insurance as specified in N.J.S.A. 17:17-1 section “g”.

As of December 31, 2023, the authorized capital stock of the Company consisted of 500,000 shares of common stock having a par value of \$2.00 per share. At December 31, 2023, there were issued and outstanding 500,000 shares of common stock with a par value of \$1,000,000.

Pursuant to a stock purchase agreement dated August 31, 2022, the Company is a wholly-owned subsidiary of Builders Insurance Group, Inc. (“Parent”), a company incorporated in Georgia. All of the outstanding and issued shares of the Company are controlled by the Parent. Shares are not actively traded.

The Company did not report any dividends paid to stockholders for the examination period under review.

During the prior examination, an amended certificate of incorporation was filed and approved that changed the location of the Company's principal office in the State of New Jersey. As of the examination date, the principal office of the Company is located at 30A Vreeland Road, Suite 120, Florham Park, County of Morris, State of New Jersey 07932. The registered agent to whom process may be served is Philip S. Tobey, President and Treasurer.

TERRITORY AND PLAN OF OPERATIONS

Bondex is a domestic for-profit stock property and casualty insurance company. Organized on March 20, 2007, it is authorized to write fidelity and surety bonds (section "g" of N.J.S.A. 17:17-1) as provided for in its Certificate of Authority dated June 8, 2007. It is currently licensed in the states of Alabama, Connecticut, Delaware, Florida, Georgia, Maryland, New Jersey, New York, Pennsylvania, South Carolina, Tennessee and the District of Columbia.

The Company operates only out of its home office located at 30A Vreeland Road, Suite 120, Florham Park, New Jersey. It does not use any regional offices, branches or service offices.

The Company issues policies mostly through one broker, Dale Group, Inc., which is an affiliated company that does business in New Jersey. Dale Group, Inc. is a Managing General Agent and a controlling producer.

During the period under examination, the Company had the following gross premium written income:

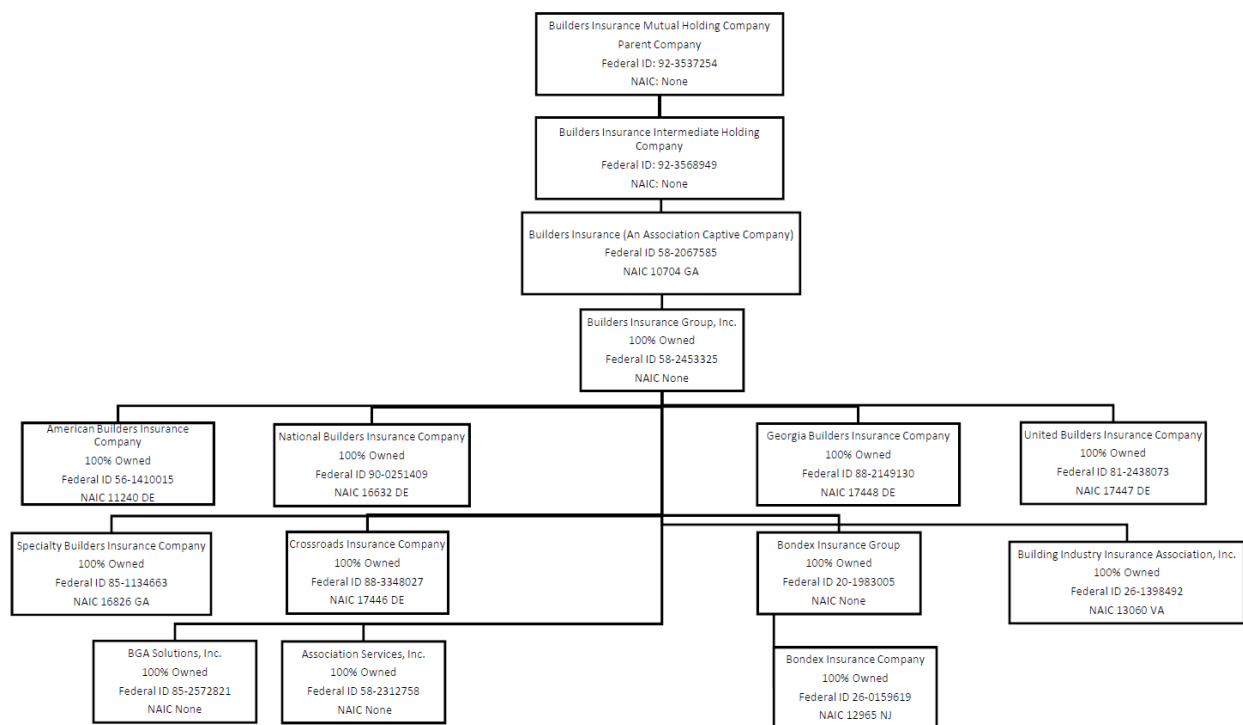
2023	\$9,059,122
2022	\$7,197,626
2021	\$5,951,003
2020	\$5,509,242
2019	\$7,200,220

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

The Company is a member of an insurance holding company system as defined by N.J.S.A. 17:27A-1. As of December 31, 2023, all of the Company's outstanding shares were owned by the Parent, which is a wholly owned subsidiary of Builders Insurance (An Association Captive Company), which is owned by Builders Insurance Intermediate Holding Company. The ultimate parent is Builders Insurance Mutual Holding Company.

A review of the Company's holding company registration statement indicated that the Company was in compliance with N.J.S.A. 17:27A-3, Sections a-j, requiring registration of those insurers who qualify as determined by N.J.S.A. 17:27A-1.

The Company had no subsidiaries as of December 31, 2023. The following is the organization chart which illustrates the interrelationships of Bondex's related companies within the holding company system as of December 31, 2023:



INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

The Company was a named party to the following affiliated agreements at the examination date:

Administrative Services Agreement

Effective April 1, 2023 (also amended during the period at September 1, 2022), all Builders Insurance Mutual Holding Company (“BIMHC”) subsidiaries were parties to the agreement. Services provided related to the agreement are as follows: “The Companies pay a pro-rata share of BIG’s operating costs based on net premium earned by the Companies. BIG performs all administrative functions for the companies including claims administration, loss control and safety services, underwriting and policy administrative services, and sales and marketing.”

Tax Allocation Agreement

Effective September 1, 2022, the Company entered into a tax allocation arrangement with Builders Insurance (A Mutual Captive Company) (“BIMCC”), the ultimate Parent, and the ultimate Parent’s wholly-owned subsidiaries. Effective April 1, 2023 (amended during the period at October 1, 2022), all BIMHC subsidiaries were parties to the agreement.

The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, where the consolidated tax liability is allocated to the participants with the ratio which that portion of the consolidated taxable income attributable to each participant in the group bears to the consolidated taxable income. Intercompany tax balances are settled quarterly.

MANAGEMENT AND CONTROL

Members

Effective January 31, 2023, the Group underwent a reorganization of the holding company structure. Under this reorganization, BIACC (formerly known as “Builders Insurance (A Mutual Captive Company)” or “(BIMCC)”) converted from a mutual association captive insurance company to a stock association captive insurance company. Under the reorganization, the membership interests of the policyholders of BIMCC were automatically converted into membership interests in the new mutual holding company, Builders Insurance Mutual Holding Company (“BIMHC”), of which such policyholders became members. BIMHC became the sole owner of a new downstream intermediate holding company, Builders Insurance Intermediate Holding Company (“BIIHC”) and the BIIHC became the sole owner of BIACC. The policyholders of the former BIMCC control BIMHC and have with respect to BIMHC essentially the same rights they previously had as policyholders of BIMCC, such as the right to elect the directors of BIMHC and approve certain material transactions involving BIMHC, such as its merger, conversion or dissolution.

Board of Directors

The corporate powers of the BIMHC are managed by a Board of Directors. The Company’s bylaws require the Board consist of not less than three individuals. The precise number of directors shall be fixed by resolution of either the shareholders or the Board from time to time.

The Company is part of a holding company system, and at least one-third of its Board of Directors is required to be outside directors according to N.J.S.A. 17:27A-4d(3). The Company meets this requirement.

Further, the directors shall be elected at the annual meeting of the shareholders and hold office until successors are elected and qualified or until resignation or removal. Directors duly elected and serving as of December 31, 2023, together with their principal business occupation, were as follows:

<u>Name and Address</u>	<u>Principal Occupation</u>
Todd Michael Campbell	President & Chief Executive Officer (Parent)
Mark Gromek	Chief Marketing & Underwriting Officer (Parent)
Shawn Andrew Stinson	Chief Claims Officer (Parent)

Committees

The Company utilized the Board committees of Builders Insurance Mutual Holding Company as follows: Audit Committee, Management Development & Compensation Committee, Investment Committee, and Corporate Governance Committee.

The Audit Committee was as described in N.J.S.A. 17:27A-4d(4), which requires its members to be comprised of all outside directors. The following were members of the Audit Committee at December 31, 2023: David Jasmund (Chairman), Sal Correnti, Lauren Kirkley and Charley Potok.

Officers

Officers were appointed in accordance with the Company's bylaws during the period under examination. The bylaws require appointment of a President and Chief Executive Officer, a Secretary and a Treasurer. Other officers may be appointed by the Board or by an appointed officer. The primary officers serving as of December 31, 2023, were as follows:

<u>Name</u>	<u>Title</u>
Todd Campbell	President and Chief Executive Officer
Stephen Berry ¹	Secretary, General Counsel & SVP
Matthew Burnett	Treasurer, Chief Financial Officer & SVP of Finance
Antonio Barner	Chief Operating Officer & SVP of Strategy
Andrew Dunn	Chief Information Officer & SVP of Information Technology
Mark Gromek	Chief Marketing & Underwriting Officer & SVP
Shawn Stinson	Chief Claims Officer & SVP

¹Subsequent to the examination period, effective September 30, 2024, Antonio Barner replaced Stephen Berry as Corporate Secretary, and Stephen Berry is no longer with the Company.

N.J.S.A. 17:27A-4d(3) states, "Not less than one-third of the domestic insurer, and not less than one-third of the members of each committee of the board of directors of any domestic insurer, shall be persons who are not officers or employees of that insurer or of any entity controlling, controlled by, or under common control with, that insurer and who are not beneficial owners of a controlling interest in the voting securities of that insurer or any such entity. At least one such person shall be included in any quorum for the transaction of business at any meeting of the board of directors or any committee thereof."

N.J.S.A. 17:27A-4d(4) states, "The board of directors of a domestic insurer shall establish one or more committees comprised solely of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with, the insurer and who are not beneficial owners of a controlling interest in the voting securities of the insurer or any such entity. The committee shall be responsible for recommending the selection of independent certified public accountants, reviewing the insurer's financial condition, the scope and results of the independent audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer and recommending to the board of directors the selection and compensation, including bonuses or other special payments, of the principal officers."

N.J.S.A. 17:27A-4d(5) states, "The provisions of paragraphs (3) and (4) of this subsection d. shall not apply to a domestic insurer if the person controlling the insurer is an entity having a board of directors and committees thereof that substantially meet the requirements of those paragraphs."

The Company satisfies the requirements of N.J.S.A. 17:27A-4d(5), as its ultimate parent, Builders Insurance Mutual Holding Company, meets the requirements of this statute.

All transactions and actions taken by the officers of the Company on its behalf are ratified by the Board of Directors and by the Company shareholders at the Annual Shareholders Meeting.

POLICY ON CONFLICT OF INTEREST

On an annual basis, the Company's employees (including its Officers and Directors) shall attest to an affirmation of ethical standards and a disclosure of possible activities which could be construed as a possible conflict of interest.

A review of the ethical attestations and conflict disclosures for officers and directors revealed no exceptions.

CORPORATE RECORDS

A review was made of the Board minutes and committee minutes for the period of examination. This examination determined that the minutes adequately approve and support the Company's transactions and events.

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is a named insured on Builders Insurance (An Association Captive Company) Fiduciary Liability policy which is insured by AXIS Insurance Company of Chicago, IL. Coverage provides the Group with fiduciary coverage up to an aggregate limit of liability of \$2,000,000 for the period of September 1, 2023, through September 1, 2024. The amount of fidelity coverage carried on this policy meets the suggested minimum amount of fidelity coverage as measured using the NAIC's formula and exposure index. The Group also maintains other insurance coverages on an individual or consolidated basis.

REINSURANCE

Assumed Reinsurance

The Company had no assumed reinsurance at December 31, 2023.

Ceded Reinsurance

The Company cedes 100% of its business. Reinsurance agreements at December 31, 2023 were as follows:

Reinsurance Pooling Agreement

Effective September 1, 2022, the Company entered into a pooling arrangement with Builders Insurance (An Association Captive Company), the ultimate Parent, and affiliates. This pooling agreement covers all insurance issued or assumed by the Company. All of the Company's gross premiums written and net losses incurred subsequent to September 1, 2022, are ceded to Builders Insurance (An Association Captive Company). The Company assumes 0% of all net premiums (direct and assumed) earned and net losses incurred by Builders Insurance (An Association Captive Company) subsequent to September 1, 2022.

The pooling arrangement also provides for a ceding commission to be paid by the assuming company to the ceding company. The agreement stipulates a ceding commission rate in the amount

equal to the direct expenses of the ceding company incurred to write the written premium ceded to the assuming company. These commission rates may be adjusted from time to time by agreement by both parties.

Other Reinsurance Ceded

The Company, along with Boston Indemnity Company, entered into a ceded treaty with Arch Reinsurance Company and Beazley USA Services, Inc. Under this agreement, the Company limited its exposure to any Bondholder (or Principal) to \$350,000 during the treaty term, which was November 1, 2017, to October 31, 2018. The agreement provided protection up to \$8,000,000 per Bondholder (or Principal) in excess of \$350,000. On November 1, 2018, this structure was renewed for Bondex Insurance Company with one modification: the Company reduced the attachment point to \$250,000 per Bondholder, as well as added a third reinsurer to the coverage, Aspen Re. On November 21, 2020, this structure was renewed for Bondex Insurance Company with one modification—the Company increased the attachment point to \$400,000. On November 1, 2021, this treaty was renewed consistent with the expired treaty. On November 1, 2022, this treaty was renewed with a few modifications: the 4th layer was removed, and the Company increased the attachment point to \$750,000. On November 1, 2023, this treaty was renewed consistent with the expired treaty. The current inforce treaty is with Beazley USA Services, Arch Reinsurance Company, SCOR Reinsurance Company, and Liberty Mutual (Lloyds Syndicate).

The Companion Property and Casualty Insurance Company (“Companion”) assumed agreement was terminated as of January 9, 2015. Companion was purchased by Enstar Group Limited, which chose not to continue the Surety line. The trust, which was set up at Wilmington Trust Company in Wilmington, DE, for the benefit of Companion Property and Casualty Insurance Company totaling \$214,933, will remain intact until there is no liability to Companion. The trust will diminish as the liability diminishes. NJDOBI determined this was an admitted asset; starting in 2014, the Company began to reflect this as an admitted asset.

ACCOUNTS AND RECORDS

Records of the Company are maintained at its Builders Insurance Home Office in Atlanta, Georgia and are further individually discussed below:

General Ledger System

The Company uses Great Plains for its accounting system. For financial reporting, the Company uses Solver to statements and reports, build budgets, track allocations and manage cash inflow and outflow. Data is imported automatically, and reports are automatically generated.

Premiums and Claims Process

During 2022, BIC entered an agreement with a MGA, Bondex Insurance Agency LLC, to underwrite and administer surety policies in specified territories. Bondex Insurance Agency LLC (FEIN 45-2785035) is located at 30A Vreeland Road, Suite 120, Florham Park, NJ 07932. The terms of the Bondex Insurance Agency MGA contract granted the authority for underwriting policies, premium collection, claims adjustment, and claims payment. For the years ended December 31, 2023, premium written through this MGA totaled \$9,626,267.

Audited Financial Statements

Pursuant to N.J.A.C. 11:2-26.4 an annual audit was performed by the CPA firm of KPMG, 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.

FINANCIAL STATEMENTS AND EXHIBITS

Exhibit A – Comparative Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2023

Exhibit B – Statement of Income for the Five-Year Period Ending December 31, 2023

Exhibit C – Capital and Surplus Account for the Five-Year Period Ending December 31, 2023

EXHIBIT A**BONDEX INSURANCE COMPANY**

Comparative Statement of Assets, Liabilities, Surplus and Other Funds
at December 31, 2023

	Current Examination at 12/31/2023	Balance per Company at 12/31/2023	Examination Change	Note Number
Admitted Assets				
Bonds	\$ 12,509,708	\$ 12,509,708	\$ -	
Cash, cash equivalents and short-term investments	7,916,999	7,916,999	-	1
Investment income due and accrued	80,316	80,316	-	
Premiums and Considerations:				
Uncollected premiums and agents' balances in the course of collection	650,080	650,080	-	
Deferred premiums	545,194	545,194	-	
Amount recoverable from reinsurers	26,230	26,230	-	
Receivables due from Parent, Subsidiaries and Affiliates	1,053,590	1,053,590	-	
Total net admitted assets	\$ 22,782,117	\$ 22,782,117	\$ -	
Liabilities				
Losses	\$ -	\$ -	\$ -	2
Reinsurance Payable on Paid Losses	-	-	-	
Loss Adjustment Expenses	-	-	-	2
Commissions Payable, Contingent Commissions	-	-	-	
Other Expenses	132,262	132,262	-	
Taxes, Licenses and Fees	31,281	31,281	-	
Current Federal and Foreign Income Taxes	468,851	468,851	-	
Net Deferred Tax Liability	37,734	37,734	-	
Unearned Premiums	-	-	-	
Ceded Reinsurance Premiums Payable	1,416,844	1,416,844	-	
Payable to Parent, Subsidiaries and Affiliates	352	352	-	
Aggregate Write-ins for Liabilities	2,767,416	2,767,416	-	
Total liabilities	4,854,740	4,854,740	-	
Surplus and Other Funds				
Common capital stock	\$ 1,000,000	\$ 1,000,000	\$ -	3
Gross paid in and contributed surplus	11,582,994	11,582,994	-	3
Unassigned funds (surplus)	5,344,383	5,344,383	-	3
Surplus as Regards Policyholders	17,927,377	17,927,377	-	3
Total Liabilities, Surplus & Other Funds	\$ 22,782,117	\$ 22,782,117	\$ -	

EXHIBIT B

BONDEX INSURANCE COMPANY
Statement of Income
For the Five-Year Period Ending December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Underwriting Income					
Premiums earned	\$ -	\$ 3,463,154	\$ 4,537,353	\$ 4,889,326	\$ 6,067,939
Deductions					
Losses incurred	\$ -	\$ (636,945)	\$ (853,910)	\$ 371,594	\$ (155,758)
Loss adjustment expenses incurred	-	286,799	330,042	547,884	1,235,417
Other underwriting expenses incurred	-	2,668,639	3,713,170	3,548,475	4,163,808
Aggregate write-ins for underwriting deductions	-	-	-	-	-
Total underwriting deductions	-	2,318,493	3,189,301	4,467,953	5,243,467
Net underwriting gain	\$ -	\$ 1,144,661	\$ 1,348,052	\$ 421,373	\$ 824,472
Investment Income					
Net investment income earned	\$ 905,949	\$ 74,217	\$ 57,803	\$ 100,986	\$ 120,703
Net realized capital gains (losses)	(19,667)	(188,773)	500,441	8,996	40,455
Net investment gain (loss)	\$ 886,282	\$ (114,556)	\$ 558,244	\$ 109,982	\$ 161,158
Other Income					
Net gain (loss) from agents' or premium balances charged off	\$ -	\$ -	\$ 14,786	\$ (14,786)	\$ (3,797)
Aggregate write-ins for miscellaneous income	-	-	-	-	-
Total other income	\$ -	\$ -	\$ 14,786	\$ (14,786)	\$ (3,797)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 886,282	\$ 1,030,105	\$ 1,921,082	\$ 516,569	\$ 981,833
Federal and foreign income taxes incurred	116,057	58,418	409,274	84,472	197,590
Net Income	\$ 770,225	\$ 971,687	\$ 1,511,808	\$ 432,097	\$ 784,243

EXHIBIT C

BONDEX INSURANCE COMPANY
Capital and Surplus Account
For the Five-Year Period Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Surplus as regards policyholders, December 31 prior year	\$ 16,867,405	\$ 6,453,126	\$ 5,127,895	\$ 4,628,028	\$ 3,659,558
Net Income	\$ 770,225	\$ 971,687	\$ 1,511,808	\$ 432,097	\$ 784,243
Change in net unrealized capital gains or (losses)		(135,920)	(204,497)	76,535	177,175
Change in net deferred income tax	(171,283)	34,500	75,452	(39,989)	(47,060)
Change in nonadmitted assets	176,993	(488,982)	(57,530)	31,224	54,112
Surplus adjustments: Paid in		10,032,994			
Aggregate write-ins for gains and losses in surplus	284,037	0	0	0	0
Change in surplus as regards policyholders for the year	\$ 1,059,972	\$ 10,414,279	\$ 1,325,233	\$ 499,867	\$ 968,470
Surplus as regards policyholders, December 31 current year	<u>\$ 17,927,377</u>	<u>\$ 16,867,405</u>	<u>\$ 6,453,128</u>	<u>\$ 5,127,895</u>	<u>\$ 4,628,028</u>

NOTES TO THE FINANCIAL STATEMENTS

There were no changes made to the assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2023. The surplus as regards policyholders, which totaled \$17,927,377 as of the examination date, was determined to be reasonably stated and in compliance with N.J.S.A. 17:17 et seq.

Note 1 – Statutory Deposits

The following is a list of deposits as of December 31, 2023, for states that require the Company to maintain a deposit for the benefit of all policyholders or the policyholders of a particular state. The securities held are either US Treasury Notes or a specific security and are in the following carrying amounts and for the indicated states:

<u>State</u>	<u>Carrying Value</u>
New Jersey	\$ 1,299,802
Florida	\$ 150,189
Total	\$ 1,449,991

-

Note 2 – Losses and Loss Adjustment Expenses

The Company's reported liabilities at December 31, 2023 for unpaid Losses and unpaid Loss Adjustment Expenses, net of reinsurance, amounted to \$0 and \$0, respectively.

An actuarial review of the Loss and Loss Adjustment Expenses Reserves was performed on a group basis in conjunction with the coordinated exam by INS Consultants, Inc. representing the lead state. The Property & Casualty Actuarial Division of the NJDOBI reviewed the Report on the Actuarial Examination. This review determined that the year-end loss provisions established by the Company were reasonably stated.

Note 3 – Surplus as Regards Policyholders

The Company reported total Surplus in the amount of \$17,927,377 at December 31, 2023.

The Company's common capital stock was \$1,000,000 consisting of 500,000 shares issued and outstanding, each with a \$2.00 par value. The shares of the Company are owned by its parent, Builders Insurance Group, Inc.

During this examination period, the Company paid no dividends to its Parent. At December 31, 2023, the Company had unassigned funds (surplus) of \$5,344,383 and total gross paid-in and contributed surplus of \$11,582,994 at December 31, 2023. The Company was determined to be in compliance with the minimum capital and surplus requirements of the State of New Jersey at December 31, 2023.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no recommendations.

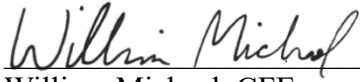
SUBSEQUENT EVENTS

There were no significant subsequent events which would have a material effect on the financial condition of the Company.

CONCLUSION

The courteous assistance and cooperation of the Company's officers and employees is acknowledged.

Respectfully Submitted,

A handwritten signature in cursive script, reading "William Michael", is positioned above a horizontal line.

William Michael, CFE
Risk and Regulatory Consulting, LLC
Examiner-In-Charge
Representing the State of New Jersey

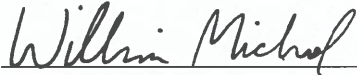
Under the supervision of,

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

CERTIFICATION

The undersigned hereby, do solemnly swear that the foregoing report of examination hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023, to the best of my knowledge and belief.

Respectfully Submitted,



William Michael, CFE
Risk and Regulatory Consulting, LLC
Examiner-In-Charge
Representing the State of New Jersey

Under the supervision of,



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



State of New Jersey
County of Mercer

Subscribed and sworn to before me, on this 27th day of May 2025.


Notary Public of New Jersey

My commission expires: July 2025