



NC DEPARTMENT of INSURANCE

MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

Tel 919.807.6602 Fax 919.807.6635

I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of Anza Mortgage Insurance Corporation as of June 30, 2024 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 25th day of November, 2024.



Mike Causey
Commissioner of Insurance

Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
Financial Examination Division

Anza Mortgage Insurance Corporation

Raleigh, North Carolina

Report on Limited Scope Examination

As of June 30, 2024

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REPORT ON LIMITED-SCOPE EXAMINATION

Honorable Mike Causey
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted a limited-scope examination of

Anza Mortgage Insurance Corporation

(hereinafter referred to as the “Company”), acknowledging that its main administrative and statutory office is located at 2840 Plaza Place, Suite 400, Raleigh, North Carolina 27612. This is the first examination of the Company conducted by the Department. The following report on limited-scope examination is respectfully submitted.

SCOPE OF THE EXAMINATION

This organizational examination was conducted in conjunction with the Company’s application for licensure in the state of North Carolina. This examination covers the period from December 31, 2023, to June 30, 2024.

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The scope of this examination was not comprehensive but included a limited review of the Company’s practices and procedures, its corporate and accounting records, details of certain transactions, and an evaluation of certain assets and/or liabilities reported as of December 31, 2023, and June 30, 2024. This report is not intended to communicate all matters of importance for an understanding of the Company’s financial condition as of December 31, 2023, and June 30, 2024. Therefore, the findings and conclusions contained within this report are based solely on the work performed on the specific areas of concern.

The scope of our examination included substantive testing and analytical review procedures considered necessary to identify any significant concerns relative to the specific balances reported in the Company’s 2023 Annual Statement and its Quarterly Statement as of June 30, 2024. We examined the following balances during the course of our examination:

- a) Cash, cash equivalents, and short-term investments totaling \$9,976,230 at June 30, 2024.
- b) Receivables from parent, subsidiaries, and affiliates totaling \$10,953,000 and \$786,435 at December 31, 2023, and June 30, 2024, respectively.
- c) Payable to parent, subsidiaries, and affiliates totaling \$951,267 and \$766,883 at December 31, 2023, and June 30, 2024, respectively.
- d) Common capital stock totaling \$1,095,300 at December 31, 2023.

- e) Gross paid in and contributed surplus totaling \$9,857,700 and \$11,467,895 at December 31, 2023, and June 30, 2024, respectively.
- f) Unassigned funds totaling (\$951,267) and (\$2,563,195) at December 31, 2023, and June 30, 2024, respectively.
- g) Other underwriting expenses incurred totaling \$951,267 and \$1,672,275 at December 31, 2023, and June 30, 2024, respectively, and determined compliance with terms of the Company's Intercompany Services Agreement with Anza Services LLC.

SUMMARY OF EXAMINATION FINDINGS

- a) Department examiners verified that the Company held cash on deposit at JP Morgan Chase Bank, N.A. totaling \$8,959,367 and a statutory deposit with the state of North Carolina pursuant to GS § 58-5-55 at US Bank totaling \$1,016,863 on June 30, 2024. Based on our review, the Company accurately reported cash and cash equivalents totaling \$9,976,230 in its Quarterly Statement as of June 30, 2024.
- b) The Company has not written any business since its inception due to a license restriction on direct and assumed business until the capitalization requirements for insuring loans guaranteed by the Government-Sponsored Enterprises ("GSEs"), Fannie Mae and Freddie Mac, have been met. The Company relies on capital contributions through its holding company system from Anza Global LLC to meet its statutory minimum capital and surplus requirement.

The Company reported amounts receivable from an affiliate for the initial funding of capital common stock totaling \$1,095,300 and gross paid in and contributed surplus totaling \$9,857,700 at December 31, 2023. Department examiners verified that the Company received \$10,953,000 through its holding company system from Anza Global LLC on January 30, 2024. Based on our review, the Company accurately reported balances due from related parties in its 2023 Annual Statement.

The Company reported amounts receivable from an affiliate related to additional capital needed to cover expenses incurred totaling \$786,435 as of June 30, 2024. Department examiners verified that the Company received \$500,000 on July 24, 2024, and \$286,435 on August 1, 2024, through its holding company system from Anza Global LLC prior to filing its Quarterly Statement as of June 30, 2024; however, the Company did not properly obtain prior approval from the Department to record the asset as required by the Statement of Statutory Accounting Principles ("SSAP") No. 72-8. The Company is directed to comply with SSAP 72-8 in future filings with the Department.

- c) The Company has an Intercompany Services Agreement with Anza Services LLC, an affiliate, effective March 25, 2024, whereby the Company is provided various administrative services at actual cost. The services provided may include accounting, record keeping, tax services, information technology services and data processing, treasury, staffing, underwriting, claims management and processing, policy issuance and servicing, equipment, business property owned or leased, communication equipment, management services, internal auditing and administrative services. The Company records a liability for amounts payable for the administrative services provided.

The Company reported amounts payable to an affiliate for administrative expenses totaling \$951,267 as of December 31, 2023. Department examiners verified that the Company paid \$953,000 to Anza Services LLC on February 5, 2024, of which \$1,733 was subsequently reimbursed due to overpayment.

The Company reported amounts payable to an affiliate for administrative services totaling \$766,883 as of June 30, 2024. Department examiners verified the payments made to Anza Services LLC totaling \$500,000 on July 26, 2024, and \$266,884 on August 8, 2024. Based on our review, the

Company accurately reported balances due to related parties in its 2023 Annual Statement and its Quarterly Statement as of June 30, 2024.

- d) The Company has a subscription agreement with Anza Holdings I, LLC under which 1,095,300 shares of the Company's \$1.00 par value common capital stock were issued at \$10.00 per share in exchange for the \$10,953,000 capital contribution receivable at December 31, 2023. Department examiners noted that the Company received a capital contribution totaling \$10,953,000 in January 2024 and no additional shares of common stock were issued in 2024. Based on our review, the Company accurately reported common capital stock in its 2023 Annual Statement.
- e) In connection with our examination procedures related to common capital stock above, Department examiners noted the Company received additional capital contributions in 2024 totaling \$1,610,195. Based on our review, the Company accurately reported gross paid in and contributed surplus totaling \$9,857,700 and \$11,467,895 at December 31, 2023, and June 30, 2024, respectively.
- f) Department examiners reviewed the Company's general ledger and supporting documentation for the underlying transactions occurring from the inception date through June 30, 2024. Based on our review, the Company accurately reported unassigned fund balances totaling (\$951,267) and (\$2,563,195) at December 31, 2023, and June 30, 2024, respectively.
- g) The Company's expenses incurred to date relate solely to an Intercompany Services Agreement with Anza Services LLC, an affiliate, effective March 25, 2024. Department examiners noted that Anza Services LLC provided detailed statements of the expenses allocated to the Company and that balances were settled within 30 days of receiving the detailed statement. Based on our review, the Company accurately reported other underwriting expenses incurred totaling \$951,267 and \$1,672,275, at December 31, 2023, and June 30, 2024, respectively and the expense allocations were charged and settled in accordance with the terms of the executed agreement.

The examination procedures, described, herein, revealed no material adverse findings or adjustments to surplus. We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$1,250,000.

The courteous cooperation and assistance extended by the officers and employees of the Company during the examination is hereby acknowledged.

Respectfully submitted,



Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
North Carolina Department of Insurance

November 13, 2024

STATE OF NORTH CAROLINA

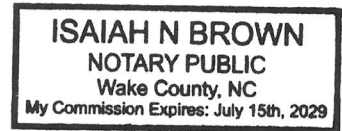
COUNTY OF WAKE

Jeffrey Streyle, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on limited-scope examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature:  Date: 11/13/2024

Sworn and subscribed before me this 13 day of November, 2024.

Notary Public Signature:  Notary Public Seal:



SUPPLEMENTARY INFORMATION

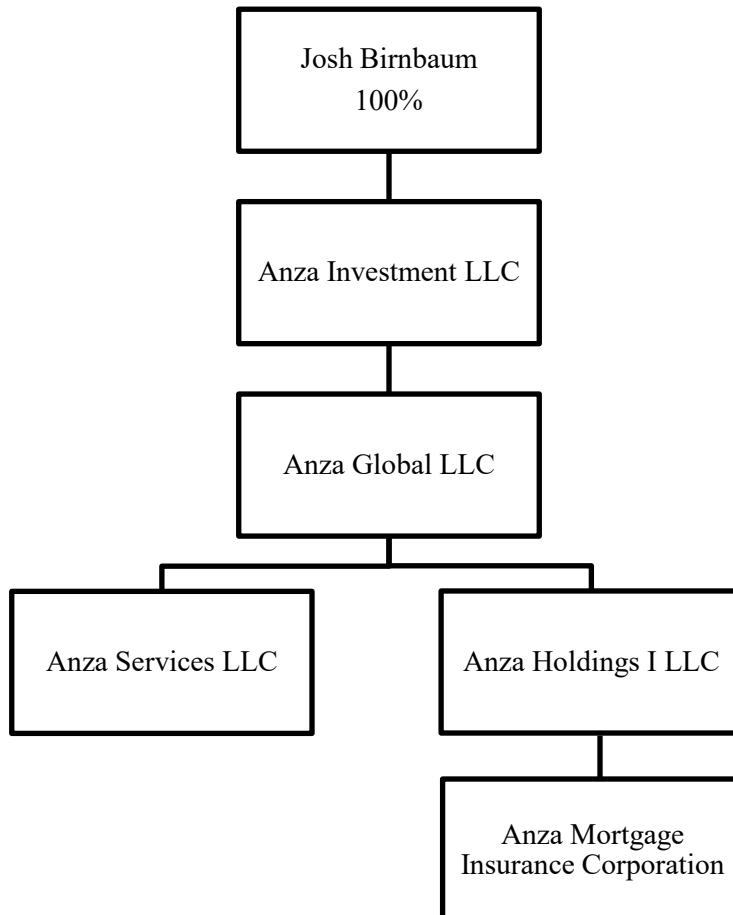
The Department's examination was limited to the areas specified within the scope of examination. The following supplemental information is presented for information purposes only.

ORGANIZATIONAL STRUCTURE

The Company is part of a holding company system as defined in GS § 58-19 and is wholly by Anza Holdings I LLC, which is wholly owned by Anza Global LLC. Anza Global LLC is wholly owned by Anza Investment LLC, which is wholly owned by Josh Birnbaum, the Ultimate Controlling Person.

ORGANIZATIONAL CHART

The following is an organizational chart of the Company within the holding company group as of June 30, 2024:



COMPANY HISTORY

The Company became licensed in North Carolina on December 31, 2023, as a mortgage guaranty insurer and was initially capitalized with a capital contribution receivable from Anza Holdings I LLC totaling \$10,953,000 with the Company issuing \$1,095,300 in common capital stock and recording \$9,857,700 in paid-in and contributed surplus. At December 31, 2023, the Company reported \$(951,267) in unassigned funds, resulting in policyholders' surplus of \$10,001,733.

TERRITORY AND PLAN OF OPERATION

The Company plans to begin writing mortgage insurance business on January 1, 2026, focusing exclusively on insuring loans guaranteed by the GSEs, Fannie Mae and Freddie Mac. The Company is required to obtain GSE approval and invest capital totaling \$500,000,000 to begin writing insurance coverage for GSE-backed loans. The Company's license is currently restricted to "No Direct or Assumed Business".

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed with the Department for the periods ending December 31, 2023, and June 30, 2024.

Anza Mortgage Insurance Corporation
Statutory Statement of Admitted Assets

	June 30, 2024	December 31, 2023
Cash and short-term investments	\$9,976,230	\$-
Total cash and invested assets	\$9,976,230	\$-
Investment income due and accrued	4,218	-
Receivable from parent, subsidiaries, and affiliates	786,435	10,953,000
Total admitted assets	\$10,766,883	\$10,953,000

Anza Mortgage Insurance Corporation
Statutory Statement of Liabilities, Capital, and Surplus

	June 30, 2024	December 31, 2023
Payable to parent, subsidiaries and affiliates	\$766,883	\$951,267
Total liabilities	\$766,883	\$951,267
Common capital stock	1,095,300	1,095,300
Gross paid in and contributed surplus	11,467,895	9,857,700
Unassigned funds	(2,563,195)	(951,267)
Total capital and surplus	10,000,000	10,001,733
Total liabilities, capital, and surplus	\$10,766,883	\$10,953,000

Anza Mortgage Insurance Corporation
Statutory Statement of Operations

	June 30, 2024	December 31, 2023
Underwriting Income (Loss)		
Premiums earned	\$-	\$-
Deductions		
Other underwriting expenses incurred	1,672,275	951,267
Total underwriting deductions	1,672,275	951,267
Net underwriting income (loss)	(1,672,275)	(951,267)
Investment Income		
Net investment income earned	60,347	-
Net investment gain	60,347	-
Net income (loss)	(\$1,611,928)	(\$951,267)

Anza Mortgage Insurance Corporation
Statutory Statement of Capital and Surplus

	June 30, 2024	December 31, 2023
Capital and surplus, beginning of year	\$10,001,733	\$-
Capital and surplus increases (decreases):		
Net income (loss)	(1,611,928)	(951,267)
Capital adjustments to paid-in capital	-	1,095,300
Surplus adjustments to paid-in capital	1,610,195	9,857,700
Net change in capital and surplus	(1,733)	10,001,733
Capital and surplus, end of year	\$10,000,000	\$10,001,733

Anza Mortgage Insurance Corporation
Statutory Statement of Cash Flow

	June 30, 2024	December 31, 2023
Cash used by operations		
Net investment income	\$56,129	\$-
Total	56,129	-
Commissions, expenses paid and aggregate write-ins	1,672,275	-
Total	1,672,275	-
Net cash used by operations	(1,616,146)	-
Cash from financing and miscellaneous sources		
Capital and paid in surplus, less treasury stock	1,610,195	-
Other cash provided	9,982,181	-
Net cash from financing and miscellaneous sources	11,592,376	-
Reconciliation of cash and short-term investments		
Net change in cash and short-term investments	9,976,230	-
Cash and short-term investments, beginning of year	-	-
Cash and short-term investments, end of year	\$9,976,230	\$-

Anza Mortgage Insurance Corporation
DISTRIBUTION OF REPORT ON EXAMINATION
June 30, 2024

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