



NC DEPARTMENT of INSURANCE

MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

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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 Bulldog National Risk Retention Group, Inc. as of December 31, 2022, 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 13th day of June, 2024.



Mike Causey
Commissioner of Insurance

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

Bulldog National Risk Retention Group, Inc.

Raleigh, NC

Report on Examination

As of December 31, 2022

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May 15, 2024

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 pursuant to 58-10-430(d) of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

Bulldog National Risk Retention Group, Inc.

(hereinafter referred to as the “Company”), acknowledging that its main administrative office is located at 1325 Park Street, Suite 200, Columbia, South Carolina 29201. The Company’s statutory home office is located at 6752 Rock Spring Road, Suite 310, Wilmington, North Carolina 28405. The following report on examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of the Company. This examination covers the period from July 2, 2018, to December 31, 2022, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. This is the first statutory examination of the Company.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

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 Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process and the following key functional activities were identified:

Underwriting
Claims and Reserves
Investments
Reinsurance Ceding
Capital Management
Related Parties

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with statutory accounting principles. This examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately from the Company's financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to the Company.

The Company's Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a) and the Company's designated independent public accountants issued the following opinions: Cover & Rossiter, of Wilmington, Delaware, issued a qualified opinion for the year ended December 31, 2018, due to the inclusion of surplus notes in stockholders' equity. Bauknight Pietras & Stormer, P.A., of Columbia, South Carolina, was unable to provide an audit opinion due to the inadequacy of the accounting records for the year ended December 31, 2019. RH CPAs, PLLC of Lexington, North Carolina, issued qualified opinions for each of the years ended December 31, 2020, through December 31, 2022, due to inadequate accounting records maintained by previous management prior to the third quarter of 2020. RH CPAs, PLLC determined that there was insufficient audit evidence regarding the amount of premiums maintained in the previous software and insufficient audit evidence for certain expenses recorded for the year ended December 31, 2020, under previous management.

REPORT ACRONYMS

Board of Directors	“Board”
Bulldog National Risk Retention Group, Inc.	“Company”
Broad Reach Capital	“BRC”
Palmetto Alternative Risk, LLC	“PAR”
Palmetto Consulting of Columbia, LLC	“PCC”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Michael Hunter Consulting	“MHC”
National Association of Insurance Commissioners	“NAIC”
North Carolina Department of Insurance	“Department”

SUMMARY OF SIGNIFICANT FINDINGS

ANALYSIS OF EXAMINATION ADJUSTMENTS

	December 31, 2022	
	Capital and Surplus	Net Loss
As originally reported to the Department	\$4,037,971	(\$649,038)
a. Deferred tax asset	(148,774)	(148,774)
As adjusted	\$3,889,198	(\$797,810)

- a. To decrease the Company’s net deferred tax asset due to overstatement.

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

- a. The Company overstated its net deferred tax asset as reported in its 2022 Annual Statement by \$148,774. The Company’s independent public accountant decreased the net deferred tax asset and recognized federal income tax expense after recalculating based on information received from the Company. The Company is directed to ensure accurate financial reporting in future filings with the Department, pursuant to GS § 58-2-165(c). (Refer to Subsequent Events)
- b. The Company did not maintain evidence in the meeting minutes that its investment transactions were authorized or approved by the Board of Directors (“Board”) or the Investment Committee in accordance with GS § 58-7-168, which states, “An insurer shall not make any investment or loan, other than a policy loan or annuity contract loan of a life insurer, unless the investment or loan is authorized or approved by the insurer's Board or by a committee authorized by the Board and charged with the supervision or making of the investment or loan. The minutes of any such committee shall be recorded and regular reports of the committee shall be submitted to the Board.” The Company is directed to comply with GS § 58-7-168.

- c. The Company did not properly maintain Conflict of Interest statements executed by some officers and directors for the years under examination. Pursuant to North Carolina Administrative Code Title 11 Chapter 11C.0117, the Company is directed to maintain executed Conflict of Interest statements for the officers and directors annually and properly disclose if conflicts exist.
- d. The Company did not properly disclose related parties in Note 10 of its 2022 Annual Statement as required by the NAIC Property & Casualty Annual Statement Instructions which require the Company to disclose information regarding its relationships, types of transactions, and amounts charged to related parties. The Company is directed to ensure accurate reporting to the Department in future filings pursuant to GS § 58-2-165(c).
- e. The Company improperly excluded policy fees from direct premiums written reported in column 2 of its Annual Statement Schedule T – Exhibit of Premiums Written and from direct business reported in column 1 of its Underwriting and Investment Exhibit Part 1B – Premiums Written for the years 2020 through 2022. The exclusion of policy fees from written premiums does not comply with the Annual Statement Instructions. This financial reporting error resulted in inaccurate premium tax calculations and remittances for those years. The Company’s gross premiums excluded the following amounts for policy fees:

2020	\$ 1,800 (beginning in Quarter 3)
2021	\$ 61,820
2022	\$115,025

The Company is directed to ensure accurate reporting to the Department in future filings pursuant to GS § 58-2-165(c).

- f. The Company did not maintain adequate fidelity bond coverage for the years under examination. The NAIC’s recommended minimum fidelity bond coverage is \$250,000 according to the exposure index limit of the Company. The Company is directed to maintain fidelity bond coverage for no less than the minimum recommended by the NAIC.
- g. The Company incorrectly reported 3,000,000 as the number of authorized preferred shares in Note 13 in their 2022 Annual Statements. According to the articles of incorporation, the Company has 1,000,000 authorized preferred shares. The Company is directed to ensure accurate reporting to the Department in future filings pursuant to GS § 58-2-165(c).

ORGANIZATIONAL STRUCTURE

The Company is a risk retention group as defined in GS § 58-10-340(37) and transacts business as a stock insurer. The Company has no subsidiaries and is not a part of a holding company system. The Company was initially funded by MVT Insurance Services, Inc. with surplus notes totaling \$2,250,000 issued in 2018.

The Company has two classes of capital stock, which are common and preferred shares. Common shareholders are entitled to one vote for each share held and the Company’s preferred stock bears a noncumulative dividend of up to 6% annually when declared by the Board. The Company’s policyholders receive a certificate for one share of common stock once the consideration with respect to the common shares is fully paid and all membership requirements specified in the bylaws are fully satisfied. The Company’s policyholders own all outstanding shares of common stock and a capital charge equating to 7.5% of premium is treated as a non-refundable capital contribution. The Company has no direct employees and retains service providers to perform all functions of its operations.

ORGANIZATIONAL CHART

The following is an organizational chart as of December 31, 2022:



COMPANY HISTORY

The Company, formerly known as American Transportation Group Insurance RRG, Inc., was incorporated on February 27, 2017, as a stock insurance company and became a licensed risk retention group in North Carolina on July 2, 2018.

In March 2020, the Company's management team and members of its Board were materially changed after the role of President was transferred from Shamsher Singh to Michael Hunter. The Company's captive manager, Alterna Managers, was replaced by Palmetto Consulting of Columbia, LLC ("PCC"), and the Company's program manager, MVT Insurance Services, Inc., was replaced by Palmetto Alternative Risk, LLC ("PAR"). In June 2021, the Company increased the capital charge from 5% to 7.5% for all policies. On July 1, 2022, the Company changed its name to Bulldog National Risk Retention Group, Inc. In October 2021, the Company's claims manager, GB Group, LLC, was replaced by Cottingham & Butler Claims Services, Inc.

CAPITAL STOCK

As of December 31, 2022, the Company's capitalization consisted of the following:

Common	Value
Number of authorized common capital shares	2,000,000
Number of shares issued and outstanding	384
Par value	\$0
Preferred	Value
Number of authorized preferred capital shares	1,000,000
Number of shares issued and outstanding	0
Par value	\$0

All common shares issued and outstanding are held by policyholders who contributed additional capital totaling \$999,686 and \$731,378, in 2022 and 2021, respectively, based upon a capital charge equating to 7.5% of premium.

At December 31, 2022, the Company reported \$10,918,090 in gross paid-in and contributed surplus and (\$6,880,119) in unassigned funds.

DIVIDENDS TO STOCKHOLDER

Dividends are paid as declared by the Board of Directors (“Board”) of the Company. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Company may pay to shareholders is limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. Any amounts in excess of this are considered extraordinary. The Company paid no dividends during the examination period from July 2, 2018, to December 31, 2022.

SURPLUS NOTES

On July 2, 2018, and December 27, 2018, the Company was partially funded by surplus notes issued by MVT Insurance Services, Inc. in the amount of \$250,000 and \$2,000,000, respectively. Each surplus note was issued at 6.5% annual interest rate, not compounded and due and payable semiannually. Adjustments were made to cancel surplus notes totaling \$1,900,000 and \$350,000 in 2019 and 2021, respectively, when it was determined that the Company’s previous management improperly utilized funds collected from policyholders to issue the surplus notes to inflate the Company’s surplus.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Shareholders

The bylaws of the Company provide that an annual meeting of the shareholders be held at such time and place as the Board may appoint. Special meetings of the shareholders may be called at any time by the Company’s Board, chairman, or president.

Board of Directors

The business of the Company is conducted by its management team and subject to review by the Board. The bylaws specify that the number of directors shall be no less than three and no more than ten. Directors are elected annually, at the annual meeting of shareholders or by vote at any special meeting, and each director shall hold office until a successor is elected and qualified.

The following individuals served as directors at December 31, 2022:

Name	Location	Principal Occupation
Scott Syphers	Raleigh, North Carolina	Managing Member-Broad Reach Risk Management
James Robinson	Wilmington, North Carolina	CPA and Regulatory Consulting Examiner in Charge
Robert Sanders	Wilmington, North Carolina	President-Preferred Reinsurance Intermediaries
Timothy Upton	Columbia, South Carolina	Associate Technical Sales Director - AT&T
Stephen Stublely	Columbia, South Carolina	Attorney-Speed, Seta, Martin Trivett & Stublely, LLC

The Board has established an Audit Committee to act on behalf of the Company. The Audit Committee is comprised of all members of the Board.

Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company shall consist of a president, a secretary, a treasurer, and such other officers deemed necessary by the Board. All officers shall hold office for one year, or until their successors are elected and qualified. Any vacancy among the officers shall be filled by the Board. Any number of offices may be held by the same person.

The following individuals served as officers of the Company at December 31, 2022:

Name	Title
Michael Hunter	President & Secretary
Matthew Holycross	Treasurer

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed the Company did not properly execute conflict of interest statements for the directors and officers for all the years during the examination period. (Refer to Summary of Significant Findings)

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board and its committee for the period under examination. Based on our review, it appears that the minutes did not document all the Company's significant transactions and events, including the directors' approval of these transactions and events. (Refer to the Summary of Significant Findings)

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. On May 21, 2018, the articles were amended to increase the authorized shares to issue from 1,500 to 3,000,000 divided into 2,000,000 shares of common stock and 1,000,000 shares of preferred stock, to change the name from American Transport Group Insurance Co RRG Inc. to American Transportation Group Insurance Risk Retention Group, Inc., and to include additional provisions to the articles of incorporation in Exhibit A. On March 11, 2022, the articles of incorporation were amended to change the

Company's name to Bulldog National Risk Retention Group, Inc., and to update the Exhibit A to reflect changes to the directors, registered agent, and physical mailing address.

The Department noted no changes to the Company's bylaws during the period under examination.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company only maintains a statutory deposit in the state of North Carolina totaling \$1,260,997 as reported on its 2022 Annual Statement Schedule E, Part 3.

FIDELITY BONDS AND OTHER INSURANCE

The Company did not maintain fidelity bond coverage during the examination period from July 2, 2018, to December 31, 2022, which is less than the \$250,000 minimum coverage recommended by the Handbook. (Refer to the Summary of Significant Findings)

In addition, the Company is a named insured on an insurance company professional liability policy and directors and officers liability insurance policy, which appear to be adequate to cover risks in the normal course of business.

RELATED PARTY AGREEMENTS

The Company had a captive services agreement with PCC, effective April 15, 2020, whereby PCC provides management, supervision, administrative, and other insurance services. The Company pays PCC 2.5% of the Company's direct written premium adjusted quarterly, with a minimum annual fee in the amount of \$250,000. The owner of PCC is the Company Treasurer. Under this agreement, the Company incurred services fees totaling \$260,417 and \$262,916 in 2022 and 2021, respectively.

The Company has a program management agreement with PAR, effective July 3, 2020, whereby PAR solicits and accepts applications, quotes, underwrites and conducts audits, and solicits, negotiates, executes, prepares, amends, cancels, renews, and terminates contracts of insurance, binders, cover notes, policies, certificates, slips, and other insurance. Additionally, PAR retains producers and sub-producers, and bills, collects and receives premiums, premium taxes, fees and other amounts due and pays all commissions, return premiums and adjustments. PAR retains all policy fees charged on the Company's policies and the Company pays PAR 15% of gross net written premium, with an annual minimum fee of \$200,000. The owners of PAR are prior members of the board of directors and resigned during 2020. Under this agreement, the Company incurred services fees totaling \$2,030,793 and \$1,626,079 in 2022 and 2021, respectively.

The Company has an independent contractor agreement for consulting services with Michael Hunter Consulting ("MHC"), effective December 16, 2019, whereby MHC oversees company operations and reports to the Board. MHC bills the Company at an hourly rate of \$200 and the Company pays MHC a monthly base retainer of \$5,000. The owner MHC is the President of the Company. Under this agreement, the Company incurred services fees totaling \$428,241 and \$414,427 in 2022 and 2021, respectively.

The Company has an investment management agreement with Broad Reach Capital (“BRC”), effective November 13, 2020, whereby BRC provides investment services. The Company pays BRC a rate of 0.60%, based on the asset value of the Account as of the last day of each calendar quarter. The principal of BRC is a member of the board of directors. Under this agreement, the Company incurred service fees totaling \$63,559 and \$49,302 in 2022 and 2021, respectively.

TERRITORY AND PLAN OF OPERATION

The Company was licensed in North Carolina as a risk retention group on July 2, 2018, and maintains the authority to write only commercial automobile liability. The Company offers insurance coverage to small independent trucking companies and owner-operators up to \$1 million per occurrence. The Company is required to maintain \$1,250,000 in capital and surplus, and a net rolling written premium to surplus ratio of 2:1 or less.

At December 31, 2022, the Company was licensed in North Carolina and registered in the following states:

Alabama	Arizona	California	Florida	Georgia	Illinois
Indiana	Kansas	Kentucky	Louisiana	Maryland	Michigan
Minnesota	Mississippi	Missouri	Nevada	New Jersey	North Carolina
Ohio	Oklahoma	Pennsylvania	Tennessee	Texas	Virginia
Washington					

TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ended December 31, 2022:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Loss
2022	\$34,967,014	\$4,037,971	\$14,538,716	\$4,802,969	(\$649,038)
2021	\$29,793,217	\$3,687,323	\$11,607,075	\$2,610,454	(\$2,186,006)
2020	\$29,831,325	\$4,762,958	\$1,549,049	\$18,650,055	(\$3,236,125)
2019	\$39,650,713	\$6,744,291	\$35,094,750	\$17,662,027	(\$1,492,841)
2018	\$12,611,476	\$3,677,961	\$8,620,305	\$1,397,279	(\$44,741)

ACTUARIAL OPINION

Every property and casualty insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary and an actuarial opinion summary in accordance with GS § 58-10-150 and GS § 58-10-155.

The statutory reserves and related items for 2022 were reviewed and certified by the Company’s Appointed Actuary, Randall D. Ross, MAA, ACAS, Allegiant Actuarial Group, LLC. Actuarial opinions regarding the Company’s reserves for losses and loss adjustment expenses were issued by an appointed actuary for

all years in the examination period. The appointed actuary evaluated the data provided by the Company for reasonableness and consistency of the losses and loss adjustment expense reserves. According to the actuarial opinions, the Company's reserve on the losses and loss adjustment expenses met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all unpaid losses and loss expense obligations of the Company.

REINSURANCE PROGRAM OVERVIEW

REINSURANCE CEDED

The Company has an excess of loss reinsurance contract with Technology Insurance Company, effective April 1, 2020, which provides excess of loss coverage for all lines of business written by the Company and classified as commercial automobile liability. The reinsurer is liable for 100% of the ultimate net loss in excess of \$250,000, with a maximum reinsurer limit not to exceed \$750,000 on the ultimate net loss for each and every insured, for each and every claim. In 2022 and 2021, the Company ceded premiums totaling \$5,772,574 and \$4,181,291, respectively.

The Company has a quota share reinsurance contract with Citadel Reinsurance Company Limited, effective January 1, 2021, which covers 50% of the Company's ultimate net loss up to \$250,000 on each and every insured for each claim. The allocated loss adjustment expenses are payable in addition to the ultimate net loss and pro-rated in the same proportion. The reinsurer's maximum liability for losses shall not exceed 150% of gross net ceded premium. In 2022 and 2021, the Company ceded premiums totaling \$4,197,271 and \$3,965,647, respectively.

FINANCIAL STATEMENTS

The following financial statements are based on the Annual Statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2022. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2021, are unexamined and are presented for comparative purposes only.

Bulldog National Risk Retention Group, Inc.
Statutory Statement of Admitted Assets
December 31, 2022

	2022	2021 (unexamined)
Bonds	\$6,114,615	\$2,984,606
Common stocks	4,835,077	7,906,545
Secured loan	116,667	-
Cash and short-term investments	13,897,640	8,597,541
Total cash and invested assets	24,963,998	19,488,692
Investment income due and accrued	46,180	28,384
Premiums and agents' balances in course of collection	4,399,686	3,281,398
Reinsurance recoverable	1,612,455	1,070,725
Net deferred tax asset	2,821,511	2,362,310
Deferred acquisition costs	735,525	797,814
Claims third party administrator loss and loss adjustment expense escrow funding	387,659	2,063,790
Prepaid claims administration fees	-	589,688
Miscellaneous receivable	-	100,000
Prepaid expense	-	10,417
Total Admitted Assets	\$34,967,014	\$29,793,217

Bulldog National Risk Retention Group, Inc.
Statutory Statement of Liabilities, Capital, and Surplus
December 31, 2022

	2022	2021 <i>(unexamined)</i>
Losses	\$ 15,238,404	\$14,735,847
Loss adjustment expenses	1,265,569	1,740,871
Other expenses	(5,237)	525,960
Taxes, licenses, and fees (excluding federal and foreign income taxes)	454,012	528,492
Unearned premiums	1,875,137	2,031,681
Ceded reinsurance premiums payable	2,702,517	362,065
Amounts withheld or retained by Company for account of others	9,398,641	6,180,978
Total Liabilities	30,929,043	26,105,894
Gross paid in and contributed surplus	10,918,090	9,918,404
Unassigned funds	(6,880,119)	(6,231,081)
Total Capital and Surplus	4,037,971	3,687,323
Total Liabilities, Capital, and Surplus	\$34,967,014	\$29,793,217

Bulldog National Risk Retention Group, Inc.
Statutory Statement of Operations
December 31, 2022

	2022	2021 <i>(unexamined)</i>
Underwriting Income		
Premiums earned	\$4,802,969	\$2,610,454
Deductions		
Losses incurred	4,759,794	2,522,865
Loss adjustment expenses incurred	1,379,681	1,369,060
Other underwriting expenses incurred	2,031,867	996,797
Total underwriting deductions	8,171,342	4,888,722
Net underwriting gain (loss)	(3,368,373)	(2,278,269)
Investment Income		
Net investment income earned	(260,251)	322,002
Net realized capital gains (losses)	(465,423)	71,416
Net investment gain (loss)	(725,674)	393,419
Other Income		
Commutation gain	2,358,824	-
Settlement	1,250,000	-
Legal litigation	(194,776)	(390,536)
Consulting litigation	(428,241)	(414,427)
Total other income	2,985,808	(804,963)
Federal & foreign income taxes incurred	(459,201)	(503,807)
Net Loss	(\$649,038)	(\$2,186,006)

Bulldog National Risk Retention Group, Inc.
Statutory Statement of Capital and Surplus
December 31, 2022

	2022	2021 <i>(unexamined)</i>
Capital and Surplus, beginning of year	\$3,687,323	\$4,762,958
Capital and Surplus increases (decreases):		
Net loss	(649,038)	(2,186,006)
Surplus adjustment to paid in capital	999,686	731,738
Prior year adjustments	-	378,633
Change in capital and surplus as regards policyholders for the year	350,648	(1,075,635)
Capital and Surplus, end of year	\$4,037,971	\$3,687,323

Bulldog National Risk Retention Group, Inc.
Statutory Statement of Cash Flow
December 31, 2022

	2022	2021 <i>(unexamined)</i>
Cash From (Used By) Operations		
Premiums collected net of reinsurance	\$5,868,589	\$2,808,588
Net investment income	218,224	579,198
Miscellaneous income	2,444,078	(1,326,170)
Total	8,530,890	2,061,616
Benefit and loss related payments	4,257,237	7,717,950
Commissions, expenses paid and aggregate write-ins	4,492,527	2,222,527
Federal income taxes paid	-	88,056
Total	8,749,764	10,028,533
Net cash used by operations	(218,874)	(7,966,917)
Cash From (Used By) Investments		
Proceeds from investments sold, matured, or repaid	9,179,528	2,955,352
Cost of investment acquired	(10,316,428)	(7,154,120)
Net cash used by investments	(1,136,900)	(4,198,768)
Cash From Financing and Miscellaneous Sources		
Surplus notes, capital notes	-	(350,000)
Capital and paid in surplus	999,686	731,738
Other cash provided	5,656,188	5,003,078
Net cash from financing and miscellaneous sources	6,655,874	5,384,816
Reconciliation of Cash and Short-Term Investment		
Net change in cash and short-term investments	5,300,100	(6,780,869)
Cash and short-term investments, beginning of year	8,597,541	15,378,409
Cash and short-term investments, end of year	\$13,897,641	\$8,597,540

COMMENTS ON FINANCIAL STATEMENTS

Department examiners recommended an adjustment resulting in a decrease in the Company's surplus and an increase in the Company's net loss as reported in the Company's 2022 Annual Statement. The examination adjustment, which is not reflected in the financial statements and related tables presented within this report, relates to the annual audit performed by the Company's independent public accountant. (Refer to Summary of Significant Findings)

Basis of Presentation and Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

Common stocks and Bonds: Carried at fair value.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of three months or less.

Premiums and Agents' Balances in Course of Collection: The receivable for premiums in the course of collection is recorded net of an allowance for uncollectible accounts. Bad debt expense is recorded when premiums receivable is deemed uncollectible and written off. Premiums and agents' balances in course of collection are reported net of an allowance for uncollectible accounts totaling \$881,721 as of December 31, 2022, and 2021. The Company recorded no bad debt expense in 2022 or 2021.

Premiums: Insurance premiums, net of premiums ceded to reinsurers, are earned over the terms of the policies. The portion of direct premiums written applicable to the unexpired terms of the policies is recorded as unearned premium. Premiums are earned on a pro rata basis.

Deferred Policy Acquisition Costs: The costs of acquiring business are deferred and expensed over the term of the related policies.

Reinsurance: Premiums, commissions, expense reimbursements, and reserves are reported for on a basis consistent with the original policies issued and the terms of the reinsurance agreements. Premiums ceded are reported as a reduction of premium income. Losses and loss adjustment expenses are reported as reductions of those items. Uncollateralized amounts from unauthorized reinsurers are deducted directly from capital and surplus through a provision for unauthorized reinsurance. Changes to the provision are credited or charged directly to surplus.

Reserves for losses & loss adjustment expense: Includes amounts determined from individual case estimates and loss reports and amounts, based on experience, for losses incurred but not reported. Estimated amounts of salvage and subrogation and reinsurance recoverable are deducted from the reserve for losses and loss adjustment expenses.

Reinsurance Activity:

The Company has an excess of loss reinsurance contract and a quota share contract to minimize its exposure to losses. Reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Failure of the reinsurers to discharge their obligations could result in losses to the Company.

Direct and ceded premiums written and earned are as follows:

	2022	2021
Direct written	\$14,538,716	\$11,607,075
Ceded written	(9,892,291)	(8,473,343)
Net written	4,646,425	3,133,732
Direct earned	13,565,950	7,658,353
Ceded earned	(8,762,981)	(5,047,899)
Net earned	\$4,802,969	\$2,610,454

The reinsurers share in the risks at different levels as specified in the reinsurance contract. The type of contract and retention limits are described under the Reinsurance Program Overview.

Summary of Reserves:

The following provides a reconciliation of the Company's reserves for losses and loss adjustment expenses:

	2022	2021
Reserve for losses and loss adjustment expenses, beginning of year	\$16,476,719	\$22,585,477
Add:		
Provision for losses and loss adjustment expenses, current year	3,295,486	3,292,879
Change in estimated losses and loss adjustment expenses, prior years	2,843,989	599,047
Total incurred	6,139,475	3,891,926
Deduct:		
Losses and loss adjustment expenses paid, current year	176,329	1,033,949
Losses and loss adjustment expenses paid, prior year	5,935,893	8,966,735
Total paid	6,112,222	10,000,684
Reserve for losses and loss adjustment expenses, end of year	16,503,972	16,476,719
Increase (decrease) in reserve for losses and loss adjustment expenses	\$27,253	(\$6,108,758)

The Company does not expect any salvage or subrogation to offset the loss and loss adjustment expense liabilities. Reserves for losses and loss adjustment expenses are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2022 and 2021, the liability for losses and loss adjustment expenses was reduced by \$5,155,963 and \$2,313,632, respectively, for amounts to be recovered from reinsurers.

Capital and Surplus:

The following, in conjunction with the Statutory Statement of Capital and Surplus, represents the changes in the Company's surplus since the Company's inception:

	2020	2019	2018
Capital and surplus, beginning of year	\$6,744,292	\$3,677,959	\$-
Capital and surplus increases (decreases):			
Net loss	(\$3,236,125)	(\$1,492,841)	(\$44,741)
Change in net unrealized capital gains	-	31,233	-
Change in net unrealized foreign exchange capital loss	(24,675)	-	-
Change in net deferred income tax	-	(6,559)	
Change in surplus notes	-	(1,900,000)	2,250,000
Surplus adjustment to paid in capital	1,279,466	6,434,500	1,472,700
Change in capital and surplus	(1,981,334)	3,066,333	3,677,959
Capital and surplus, end of year	\$4,762,958	\$6,744,292	\$3,677,959

Contingencies:

On May 6, 2020, the Company initiated a lawsuit against MVT Insurance Services, Inc., its previous program manager, and two of the Company's former directors for alleged misappropriation of policyholder's funds by MVT Insurance Services, Inc., and mismanagement of the Company. On April 22, 2021, the Company received a final order awarding the Company an amount of \$6,259,826, which is in collection. No provision for recoveries has been made.

In October 2021, the Company was named in a lawsuit from GB Group, LLC for an alleged breach of a service agreement. The financial statement impact of such liabilities as a result of the litigation cannot be reasonably estimated at this time.

In 2022 and 2021, the Company incurred consulting fees related to litigation totaling \$428,241 and \$414,427, respectively.

SUBSEQUENT EVENTS

On January 1, 2023, the Company entered into a 50% quota share reinsurance contract with SP Re, Inc. which replaces its quota share reinsurance contract with Citadel Reinsurance Company Limited.

On March 20, 2023, the number of Company directors were reduced to three with the removal of Robert Sanders and James Robinson.

On May 23, 2023, the Company recorded a surplus note totaling \$1,840,500 at an annual rate of 8% simple interest, in relation to a capital contribution received from Chan Tran, an unaffiliated policyholder, in 2019 under the Company's prior management. Chan Tran contributed approximately \$2,000,000 in cash to the Company for which prior management verbally indicated its intent to repay. No formal, written agreement

regarding repayment terms has been identified; however, with the Department's approval, the Company entered into a formal agreement to repay the surplus note which was retroactively effective on October 1, 2022.

On November 21, 2023, the Company reported an appeal surety bond totaling \$1,429,081 in relation to a claims judgement against the Company for which the claimant's legal counsel has taken action to collect the entire amount in excess of the policy limits.

On December 31, 2023, the Company reduced its net deferred tax asset by \$148,774 in its 2023 Annual Statement filed with the Department.

Bulldog National Risk Retention Group, Inc.
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2022

Michael Hunter, President & Secretary
1325 Park Street, Suite 200
Columbia, South Carolina 29201

Mathew Holycross, Treasurer
1325 Park Street, Suite 200
Columbia, South Carolina 29201

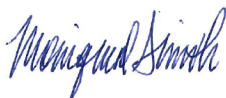
CONCLUSION

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 § 58-10-370 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,



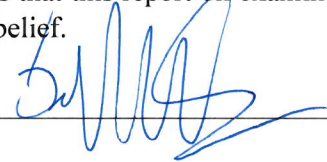
Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
North Carolina Department of Insurance

May 15, 2024

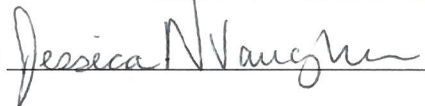
STATE OF NORTH CAROLINA

COUNTY OF WAKE

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

Signature:  Date: 5/15/24

Sworn and subscribed before me this 15 day of May, 2024.

Notary Public Signature:  Notary Public Seal:

JESSICA N VAUGHAN
Notary Public, North Carolina
Wake County
My Commission Expires
December 08, 2026