



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 Canopy 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 12th day of April, 2024.



Mike Causey
Commissioner of Insurance

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

Canopy Risk Retention Group, Inc.

Waynesville, North Carolina

Report on Examination

As of December 31, 2022

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March 12, 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

Canopy Risk Retention Group, Inc.

(hereinafter referred to as the (“Company”), acknowledging that its main administrative and statutory home office is located at 525 North Tryon Street Suite 1600, Charlotte, North Carolina. 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 December 21, 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 examination serves as the Department’s first examination of the Company.

The purpose of this examination is to assess the financial condition and controls of the Company and sets 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:

Claims Handling and Reserves
Investments
Premiums and Underwriting
Reinsurance Ceding
Related Parties
Surplus Management

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). Shores, Tagman, Butler & Co, P.A. of Orlando, Florida, the designated independent public accountant of the Company, issued an unmodified opinion for the years 2019 through 2022. The Company requested and was granted an exemption from filing an audit report in 2018.

SUMMARY OF SIGNIFICANT FINDINGS

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

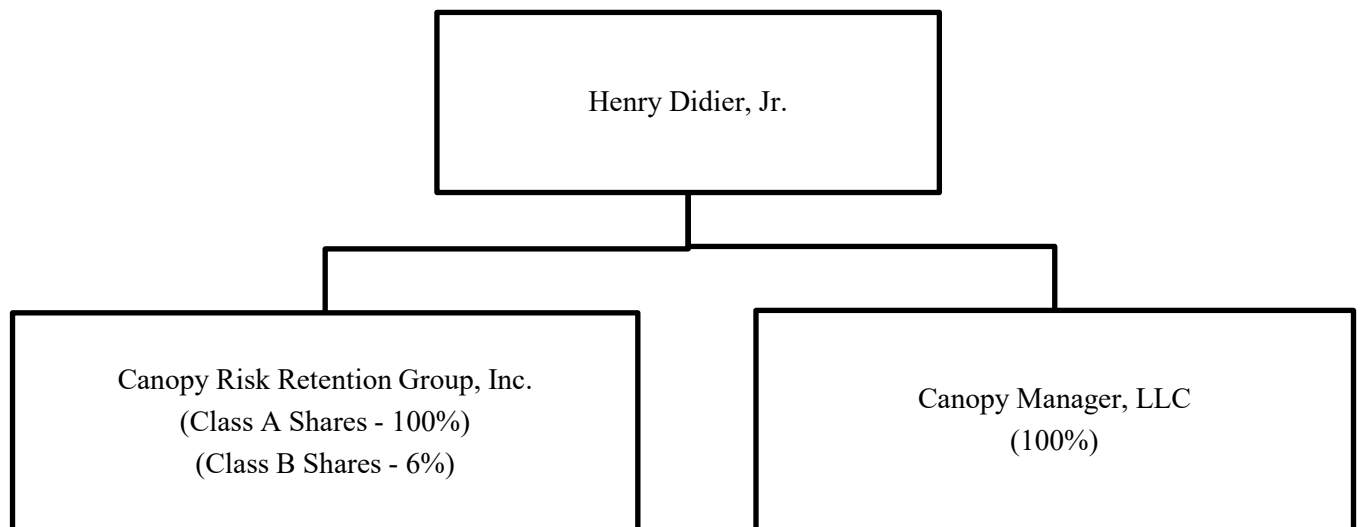
- a. The Company did not obtain conflict of interest forms executed by the Secretary/Treasurer for the years 2019 through 2022. The Company is directed to comply with Title 11 of the North Carolina Administrative Code Chapter 11C .0117.
- b. The Company did not maintain evidence in the meeting minutes that its investment transactions were authorized or approved by the Board of Directors (“Board”) in accordance with GS § 58-7-168. The Company is directed to comply with GS § 58-7-168.

ORGANIZATIONAL STRUCTURE

The Company is part of an insurance holding company system as defined in GS § 58-19. Henry N. Didier, Jr. owns all outstanding Class A common stock shares of the Company, 6 % of the Class B common stock shares of the Company, and all outstanding common stock shares of Canopy Manager, LLC, an affiliate which provides underwriting services to the Company. Henry N. Didier, Jr. also serves as the Company’s President.

ORGANIZATIONAL CHART

The Company’s 2022 Annual Statement Schedule Y contains a complete organizational chart. The following is a summarized organizational chart as of December 31, 2022:



COMPANY HISTORY

The Company was incorporated on September 25, 2018, and commenced business on December 21, 2018, as a risk retention group operating in North Carolina. The Company was initially capitalized by Henry Didier, Jr. in 2018 with the purchase of 1,000,000 shares of \$1 par value Class A common stock.

As a Risk Retention Group, all shareholders of the Company are also policyholders, and all policyholders are member shareholders. All members are either in the business of creating a Real Estate Development Fund (“REDF”) and/or are the REDF themselves. Members are categorized as either Class A or Class B shareholders. Class A shareholders have voting rights, are eligible for dividends and can delineate a director on the Company’s Board. Class B shareholders have no voting rights and are not eligible for dividends. Each member is required to make a \$50,000 capital contribution for each insured conservation easement project placed with the Company. The \$50,000 capital contribution is equally split between the purchase price of common stock and additional paid-in-capital.

CAPITAL STOCK

Subject to Board and North Carolina regulatory approval, Class A shareholders are eligible for a full return of their capital contribution regardless of their claims history, while Class B shareholders are eligible for a full return of their capital contribution only if the REDF is claims free during the associated REDF’s 5-year policy period. Once a claim is made by a Class B shareholder, their shares are forfeited as additional paid in capital to the Company. No shares of Class B common stock were issued in 2018 and there have been no additional shares of common stock A issued since the Company’s inception.

In 2019, the Company issued 2,475,000 shares of \$1 par value Class B common stock and received additional paid in capital totaling \$2,475,000 from policyholders as a result of the \$50,000 capital contribution required from each of the ninety-nine policies written during the year.

In 2020 and 2021, the Company issued 425,000 shares of Class B common stock and received additional paid in capital totaling \$425,000 each year from policyholders as a result of the \$50,000 capital contribution required from the seventeen policies written during each of those years. The Company recognized additional paid in capital totaling \$2,425,000 and \$500,000 in 2020 and 2021, respectively, for forfeited shares of Class B common stock.

In 2022, the Company issued 350,000 shares of Class B common stock and received additional paid in capital totaling \$350,000 from policyholders as a result of the \$50,000 capital contribution required from the fourteen policies written during the year. In 2022, the Company recognized additional paid in capital totaling \$350,000 for forfeited Class B common stock shares.

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

Class A Common Stock	Value
Number of authorized common capital shares	5,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$1,000,000
Par value per share	\$1.00
Class B Common Stock	Value
Number of authorized common capital shares	20,000,000
Number of shares issued and outstanding	400,000
Total common capital stock	\$400,000
Par value per share	\$1.00

At December 31, 2022, the Company's 400,000 shares of Class B common stock are issued to sixteen policyholders for which no claims have been made.

DIVIDENDS TO STOCKHOLDER

Dividends on Class A common stock 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 years under examination.

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 a majority of the Board, or by one or more stockholders holding ten percent (10%) of the shares.

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 (3), nor more than fifteen (15). Directors are elected annually, at the annual meeting of stockholders or by the written consent of the stockholders, and each director elected shall hold office until a successor is elected and qualified.

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

Name	Location	Principal Occupation
Henry Didier, Jr.	Orlando, Florida	Attorney
Eric Katauskas	Maitland, Florida	Insurance Agent/Financial Planner
John Russell	Huntersville, North Carolina	Certified Public Accountant

The Board has the authority to establish committees to manage the business of the Company. The Board has established an Audit Committee to act on behalf of the Company.

The following individuals served on this committee as of December 31, 2022:

Audit Committee

Henry Didier, Jr.
Eric Katauskas
John Russell

Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company consist of a president, a secretary, and a treasurer. All officers shall hold office, subject to removal at any time by the Board, until their successors are elected and qualified. Any two offices may be held by the same person except the offices of president and secretary.

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

Name	Title
Henry Didier, Jr.	President
Troy Winch	Secretary/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 act in accordance with its policy and procedures for disclosure of conflicts of interest. (Refer to the Summary of Significant Findings)

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board for the period under examination. Based on our review, it appears that the minutes did not document all of the Company's significant transactions and events, and that the directors did not approve all 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. No changes were made during the examination period.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2022 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state. The Company only maintains a statutory deposit in North Carolina.

FIDELITY BONDS AND OTHER INSURANCE

The Company has fidelity bond coverage totaling \$1,000,000 in aggregate, which exceeds the minimum amount of fidelity bond coverage recommended by the Handbook.

RELATED PARTY AGREEMENTS

The Company has an Underwriting Agreement with Canopy Manager, LLC, an affiliate, effective November 27, 2018, whereby Canopy Manager, LLC provides underwriting services to the Company. The Company amended this agreement effective January 1, 2022, to include various management services to be provided to Company by Canopy Manager, LLC for an annual compensation totaling \$200,000 a year. Under this agreement, the Company incurred fees totaling \$872,000 and \$612,000 in 2022 and 2021, respectively. Henry N. Didier, Jr., the Company's President, and Ultimate Controlling Person is also the owner of Canopy Manager, LLC.

SERVICE AGREEMENTS

The Company has a Financial Reporting and Regulatory Compliance Services Agreement with Risk Services –Vermont, Inc. ("Risk Services"), effective November 16, 2018, whereby Risk Services provides pre-licensure, regulatory, home office, and accounting services to the Company. The agreement is effective for five years commencing on November 16, 2018, and will automatically renew for five-year periods unless either party provides at least 180 days prior written notice of its intention to terminate the agreement at expiration. The Company pays Risk Services 3% of its gross net written premiums, subject to an annual minimum fee of \$85,000. The vice president of Risk Services also serves as the treasurer and secretary of the Company. Under this agreement, the Company incurred fees totaling \$85,000 for 2022 and 2021. (Refer to Subsequent Events)

The Company has a Claims Services Agreement with ESIS, Inc., effective January 1, 2019, and amended on January 1, 2020, and on January 1, 2021, whereby ESIS, Inc. provides claim adjustment services to the Company including claims intake, claims monitoring, and claim payments. The Company pays ESIS, Inc. an annual fee of \$7,500 and a per claim fee ranging from \$367 to \$2,024 depending on the severity of the claim. Under this agreement, the Company incurred fees totaling \$47,201 and \$66,672 for 2022 and 2021, respectively. (Refer to Subsequent Events)

TERRITORY AND PLAN OF OPERATION

The Company became licensed as a North Carolina domiciled risk retention group, effective October 16, 2018. The Company provides conservation easement defense liability coverage to its members with respect to their potential obligations to cover litigation expenses incurred by an individual real estate development fund (“REDF”) arising from an Internal Revenue Service (“IRS”) review of a Section 170(h) charitable deduction.

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

Alabama	Delaware	Florida	Georgia	Missouri
South Carolina	Tennessee	Virginia		

In December 2022, there were unfavorable legislative changes which significantly reduced the viability of the Section 170(h) conservation easement insurance policies written by the Company and negatively impacted the ability of the Company’s potential insureds to create land conservation for tax planning purposes, particularly if the properties are not family-owned or held for more than three years. (Refer to Subsequent Events)

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 2022:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income (Loss)
2022	\$15,598,610	\$7,323,147	\$2,800,000	\$2,204,3333	(\$2,454,396)
2021	\$17,140,446	\$9,479,130	\$2,550,000	\$1,742,500	(\$420,235)
2020	\$16,326,173	\$9,204,082	\$2,550,000	\$3,995,835	\$982,620
2019	\$15,697,910	\$7,098,951	\$14,850,000	\$11,209,627	\$1,097,029
2018	\$1,002,414	\$1,001,907	\$-	\$-	\$1,907

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, Robert J Walling III, FCAS, MAAA, CERA of Pinnacle Actuarial Resources, Inc. 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, except for 2018 when the Company applied for and was granted an exemption from filing an actuarial opinion. 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 contract with Technology Insurance Company, Inc., a part of AmTrust, effective December 31, 2018, whereby the reinsurer provides coverage up to the Company's maximum policy limit of \$1,000,000. The Company recovers 100% of each loss that exceeds \$250,000, up to \$750,000 for losses stemming from Conservation Easement Charitable Deduction Defense Liability policies. The reinsurer's liability in any year shall not exceed 300% of the reinsurance premium paid in any given year subject to an aggregate liability of 200% of reinsurance premiums paid for all years under the agreement. The Company ceded written premiums totaling \$273,700 and \$249,263 in 2022 and 2021, respectively, under this contract.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial 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.

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

	2022	2021 <i>(unexamined)</i>
Bonds	\$5,545,673,	\$8,705,841
Cash and short-term investments	7,101,466	6,140,287
Derivatives	29,400	-
Total cash and invested assets	12,676,540	14,846,128
Investment income due and accrued	25,787	12,330
Other amounts receivable under reinsurance contracts	1,643,688	1,441,388
Federal income tax recoverable	669,413	383,939
Net deferred tax asset	90,327	54,370
Deferred policy acquisition costs	441,605	329,055
Prepaid and deferred expenses	21,250	40,426
Premium tax recoverable	-	32,810
Total Admitted Assets	\$15,598,610	\$17,140,446

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

	2022	2021 <i>(unexamined)</i>
Losses	\$6,466,300	\$6,313,864
Loss adjustment expenses	197,582	217,374
Other expenses	100,482	78,153
Taxes, licenses, and fees	70,067	-
Unearned premiums	1,373,892	1,051,925
Derivatives	67,140	-
Total liabilities	8,275,463	7,661,316
Common capital stock	1,400,000	1,400,000
Gross paid in and contributed surplus	6,950,000	6,250,000
Unassigned funds	(1,026,853)	1,829,130
Total surplus	7,323,147	9,479,130
Total Liabilities, Capital, and Surplus	\$15,598,610	\$17,140,446

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

	2022	2021 <i>(unexamined)</i>
Underwriting Income		
Premiums Earned	\$2,204,333	\$1,742,500
Deductions		
Losses incurred	2,996,462	1,798,219
Loss adjustment expenses incurred	27,409	71,204
Other underwriting expenses incurred	1,147,020	722,536
Total underwriting deductions	4,170,891	2,641,959
Net underwriting (loss)	(1,966,558)	(899,459)
Investment Income		
Net investment income earned	141,165	60,454
Net realized capital gains(losses)	(739,303)	254,799
Net investment gain (loss)	(598,138)	315,254
Federal income taxes incurred	(110,300)	(163,970)
Net Loss	(\$2,454,396)	(\$420,235)

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

	2022	2021 <i>(unexamined)</i>
Capital and Surplus, beginning of year	\$9,479,130	\$9,204,082
Surplus increases(decreases):		
Net loss	(2,454,396)	(420,235)
Change in net unrealized capital gains	(401,586)	(154,717)
Capital adjustments:		
Paid in	-	(75,000)
Surplus adjustments:		
Paid in	700,000	925,000
Net change in capital and surplus	(2,155,982)	275,048
Capital and Surplus, end of year	\$7,323,147	\$9,479,130

Canopy 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	\$2,728,600	\$2,116,502
Net investment income	5,407	13,441
Total	2,734,007	2,129,943
Benefit and loss related payments	2,844,026	1,684,331
Commissions, expenses paid and aggregate write-ins	2,310,701	558,080
Federal income taxes paid	1	955,611
Total	5,154,727	3,198,022
Net cash used by operations	(2,420,720)	(1,068,079)
Cash From (Used By) Investments		
Proceeds from investments sold, matured, or repaid	3,812,733	3,908,843
Cost of investments acquired	1,130,833	1,699,458
Net cash from investments	2,681,900	2,209,386
Cash From (Used by) Financing and Miscellaneous Sources		
Capital and paid in surplus	700,000	850,000
Other Cash Provided	-	383,939
Net cash from financing and miscellaneous sources	700,000	1,299,939
Reconciliation of Cash and Short-Term Investment		
Net change in cash and short-term investments	961,180	2,375,245
Cash and short-term investments, beginning of year	6,140,287	3,765,042
Cash and short-term investments, end of year	\$ 7,101,466	\$6,140,287

COMMENTS ON FINANCIAL STATEMENTS

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:

Accounting Policies

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

Premiums: Earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata method for direct business.

Deferred Policy Acquisition Costs: Commissions and other costs of acquiring business are deferred and amortized over the term of the related policies.

Equity Investments: The Company records investments in equity securities at fair value with changes in fair value recognized in income.

Debt Securities Investments: The Company records investments in debt securities at estimated fair value, with changes in fair value recognized in income. Any unrealized gains or losses are reported as accumulated other comprehensive income.

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.

Claims unpaid & claims unpaid 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.

Comprehensive Income: The Company has adopted FASB ASC Topic 220-10 “Reporting Comprehensive Income”. This statement established standards for reporting and displaying other comprehensive income and its components in a full set of general-purpose financial statements.

Reinsurance Activity:

The Company has an excess of loss 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. The Company utilizes Risk Services as a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct and ceded premiums written and earned are as follows:

	2022	2021
Direct written	\$2,800,000	\$2,550,000
Ceded written	273,700	249,263
Net written	2,526,300	2,300,737
Direct and assumed earned	2,443,151	1,931,283
Ceded earned	238,818	188,783
Net earned	\$2,204,333	1,742,500

Contract type 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
Reserves for losses and loss adjustment expenses, beginning of year	\$ 6,531,238	\$6,412,818
Add:		
Provision for losses and loss adjustment expenses, current year	936,658	1,114,340
Change in estimated losses and loss adjustment expenses, prior years	2,087,213	755,083
Total incurred	3,023,871	1,869,423
Deduct:		
Losses and loss adjustment expenses paid, current year	29,280	5,705
Losses and loss adjustment expenses paid, prior year	2,861,947	1,745,298
Total paid	2,891,227	1,751,003
Reserves for losses and loss adjustment expenses, end of year	6,663,882	6,531,238
Increase in reserves for losses and loss adjustment expenses	\$132,664	\$118,420

Capital and Surplus:

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

	2020	2019	2018
Capital and surplus, beginning of year	\$7,098,951	\$1,001,907	\$-
Capital and surplus increases (decreases):	-	-	-
Net income	982,620	1,097,029	1,907
Change in net unrealized capital gain	272,511	50,015	-
Capital paid in	(2,000,000)	3,475,000	-
Surplus paid in	2,850,000	1,475,000	1,000,000
Change in capital and surplus for the year	2,105,131	6,097,044	1,001,907
Capital and surplus, end of year	\$9,204,082	\$7,098,951	\$1,001,907

SUBSEQUENT EVENTS

On September 20, 2023, the Company's Board voted to stop writing new policies effective January 1, 2024, and continue operations in a run-off posture due to uncertainties created by unfavorable legislative changes in December 2022.

On November 1, 2023, the Company changed its registered agent from Thereas Matthews to Corporation Service Company; changed its registered agent's office location from 54 Seva Lane in Waynesville, North Carolina to 2626 Glenwood Avenue Suite 550 in Raleigh, North Carolina; and changed the Company's main administrative and statutory home office address from 54 Seva Lane in Waynesville, North Carolina to 525 North Tyron Street Suite 1600 in Charlotte, North Carolina.

On January 1, 2024, the Company amended its Financial Reporting and Regulatory Compliance Services Agreement with Risk Services to reduce the annual minimum fee from \$85,000 to \$75,000.

On January 1, 2024, the Company amended its Claims Services Agreement with ESIS, Inc. to extend the term for an additional five years and to amend the fee schedule to provide for an increase in the annual fee from \$7,500 to \$13,000 in 2024, increase the per claim fees ranging from \$425 to \$2,249 depending on the severity of the claim, and provide for an additional 5% fixed rate increase each year based on the prior year's fees for the years 2025 through 2028.

On January 18, 2024, the Company filed a Change in Plan of Operations - Voluntary Cessation of Writing Business and Run-off of Operations ("Run-Off Plan") with the Department which was approved on February 14, 2024. According to the Company's Run-Off Plan, the Company will cease writing any new business and will cancel its domiciliary license and foreign registrations in all states upon receiving regulatory confirmation that the Company has no remaining obligations. The last policies issued by the Company were effective April 27, 2023, through April 27, 2024, and include a four-year tail coverage. The Company plans to maintain its agreement with Canopy Managers, LLC, an affiliate, to provide management services; its agreement with Risk Services to provide financial reporting services; and its agreement with ESIS, Inc. to provide claims services during the runoff period. There are no proposed changes to the Company's officers or directors included in the Run-Off Plan. The Company's reinsurance contract with Technology Insurance Company expired on December 31, 2023; however, all policies written since the Company's inception will retain their reinsurance coverage under the contract.

CANOPY RISK RETENTION GROUP, INC.
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2022

Henry Didier, Jr.
Owner and President
1203 North Orange Avenue
Orlando, Florida 32804

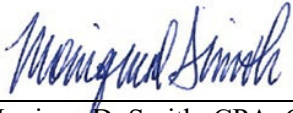
CONCLUSION

The examination procedures, described, herein, revealed no material adverse findings to surplus.

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-10-370 (4) for the kinds of insurance that the Company has been authorized to write, which is \$1,000,000.

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

March 12, 2024

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Bill Keely, Supervising 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: Bill Keely Date: 3/12/24

Sworn and subscribed before me this 12 day of March, 2024.

Notary Public Signature: Jessica N Vaughan Notary Public Seal:

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