I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused to Doctors Professional Liability Risk Retention Group, Inc. as of December 31, 2020 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 29th day of June, 2022.

Mike Causey
Commissioner of Insurance

Ke Xu, CPA, CFE
Chief Financial Examiner
Financial Examination Division

Doctors Professional Liability Risk Retention Group, Inc.

Winston-Salem, North Carolina

Report on Examination

As of December 31, 2020

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May 23, 2022

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 an examination of the records, business affairs and financial condition of

Doctors Professional Liability Risk Retention Group, Inc.

(hereinafter referred to as the "Company"), at its main administrative office located at 1605 Main Street, Suite 800, Sarasota, Florida, 34326. The Company's statutory home office is located at 5630 University Parkway, Winston-Salem, North Carolina, 27105. 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 when the Company became licensed in North Carolina on February 16, 2016, to December 31, 2020, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination.

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 Handling and Reserving
Reinsurance Ceding
Related Parties
Investments
Capital and Surplus

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 & Company, P.A. of Orlando, Florida, the Company's designated independent public accountant, issued a qualified opinion for the year ended December 31, 2020, due to the Company increasing stockholders' equity by obtaining surplus notes which, in their opinion, is not allowed by the Generally Accepted Accounting Principles. (Refer to Surplus Notes). Johnson Lambert LLP of Charleston, South Carolina, the Company's former designated independent public accountant, classified the surplus notes as liabilities and issued an unmodified opinion for each year from the year ended December 31, 2017, through the year ended December 31, 2019.

REPORT ACRONYMS

General Statutes of North Carolina	"GS"
North Carolina Department of Insurance	"Department"
National Association of Insurance Commissioners	"NAIC"
Financial Condition Examiners Handbook	"Handbook"
Board of Directors	"Board"
Doctors Professional Liability Risk Retention Group, Inc.	"Company"
Premier Risk Management Services, Inc.	"Premier"
Risk Services - Vermont, Inc.	"Risk Services"
Third Party Administrators	"TPA"
Annual Statement	"AS"

SUMMARY OF SIGNIFICANT FINDINGS

ANALYSIS OF EXAMINATION ADJUSTMENTS

	December 31, 2020	
	Surplus	**Net Loss**
As originally reported to the Department	($2,462,015)	($398,881)
a. Changes in deferred tax valuation	91,540	(131,776)
b. Changes in bad debt expense	188,863	(171,944)
Adjusted surplus and net loss	($2,181,612)	($702,601)

a. To increase valuation allowance for doubtful deferred tax assets. (Refer to Comments Recommendations and Directives)

b. To increase allowance for uncollectible deductible receivable, write-off an uncollectable receivable, and remove a duplicate capital receivable balance. (Refer to Comments Recommendations and Directives)

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

a. The Company reported a net deferred tax asset totaling $91,540 in its 2020 Annual Statement ("AS"), which included deferred tax assets totaling $254,158 related to discounts of unpaid losses and unearned premiums and a deferred tax liability totaling $162,618 for deferred acquisition costs. The Company's independent public accountant increased the valuation allowance for doubtful deferred tax assets, eliminated the net deferred tax asset, and recognized federal income tax expense totaling $131,776 as of December 31, 2020. The Company is directed to ensure accurate financial reporting in future filings with the Department pursuant to the NAIC AS Instructions and GS § 58-2-165(c).

b. The Company overstated its deductible receivables by $171,944 and overstated its capital receivable balance by $16,919 in its 2020 AS. The Company's independent public accountant recorded an allowance for bad debt totaling $155,781, which is 25% of the deductible receivable balance due at yearend from an unlicensed member physician. (Refer to Contingencies) In addition, the Company's independent public accountant wrote off receivables totaling $16,163 to bad debt expense and removed a duplicate capital receivable balance of $16,919. These adjustments reduced the Company's surplus by $188,863 and increased the Company's net loss by $171,944 at December 31, 2020. The Company is directed to ensure accurate financial reporting in future filings with the Department, pursuant to the NAIC AS Instructions and GS § 58-2-165(c).

c. The Company did not maintain any fidelity bond coverage from February 16, 2016, through December 31, 2020. The NAIC's recommended minimum fidelity bond coverage is $150,000. The Company is directed to maintain fidelity bond coverage for no less than the minimum recommended by the NAIC. (Refer to Subsequent Events)

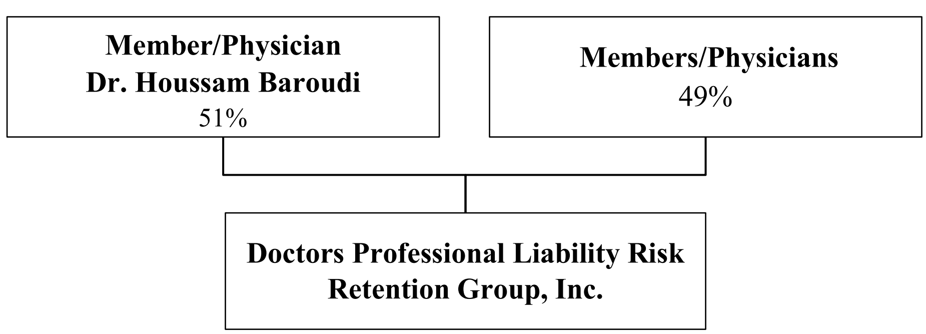
d. The Company's executed Conflict of Interest statements were not fully completed as some officers and directors did not properly indicate whether conflicts existed for each year under examination. Pursuant to North Carolina Administrative Code Title 11 Chapter 11C.0117, the Company is directed to execute conflict of interest forms annually and properly disclose if conflicts exist.

ORGANIZATIONAL STRUCTURE AND COMPANY HISTORY

The Company became a licensed risk retention group as defined in GS ("§") 58-10-340(37) on February 16, 2016, in the state of North Carolina and began writing business on April 1, 2016. The Company is a stock company and, at inception, was wholly owned by Dr. Houssam Baroudi, an insured member physician, due to his initial capital contribution of $325,000. With growth in membership since 2016, Dr. Houssam Baroudi's ownership in the Company decreased to 51% at December 31, 2020, due to capital contributions received from additional member physicians. All members are policyholders of the Company and pay capital contributions as a percentage of annual premium for the first five years.

ORGANIZATIONAL CHART

The following is an organizational chart as of December 31, 2020:



Capital Stock, Dividends, and Surplus Notes

Capital Stock

The Company receives capital contributions equal to 15% of the annual premium on each policy for the first five years of the policyholder's membership within the Company. After five years of membership, policyholders are not required to make capital contributions as a percentage of their annual premium.

As of December 31, 2020, the Company's capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	635,675
Total common capital stock	$635,675
Par value per share	$1

Dividends to Stockholders

Dividends on 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 has paid no dividends since its inception.

Surplus Notes

On March 8, 2016, the Company issued a $675,000 surplus note at 4% interest per annum to Premier Risk Management Services, Inc. ("Premier"), the Company's program manager. On May 24, 2017, the Company issued a $500,000 surplus note at 8% interest per annum to an unrelated individual investor. Interest is payable annually to the extent that sufficient funds exist to discharge the Company's liabilities and maintain statutory surplus requirements.

Each surplus note provides for partial or full repayment to the holder upon presentation or surrender. Repayment requires advance written approval of the Commissioner.

The Company repaid $250,000 and $100,000 of the principal due to the unrelated individual investor in 2018 and 2020, respectively, which reduced the $500,000 surplus note issued in 2017 to $150,000. Premier paid the remaining $150,000 of the principal due to the unrelated individual investor and assumed the note in 2020. At December 31, 2020, the Company had a total of $825,000 in surplus notes due to Premier.

The accumulated interest on the Company's surplus notes totaled $225,591 as of December 31, 2020. No interest payments have been made to date and no interest expense has been accrued by the Company since the issuance of the surplus notes.

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 Chairman of the Board, the president or by any two members of the Board.

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 not less three and no more than nine. Directors are elected annually, at the annual meeting of shareholders or by the written consent of the stockholders, and each director elected shall serve a term of one year and until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2020:

Name	Location	Principal Occupation
Houssam Baroudi, M.D.	Encinitas, California	Medical Doctor
Hani Ascha	Laguna Hills, California	Manager, Premier
Kevin Hicks	Wilmington, North Carolina	Chief Operating Officer, Johnson Nursery Corporation

The Board has established an Executive Committee and an Audit Committee, to act on behalf of the Company. The following individuals served on committees as of December 31, 2020:

Executive Committee and Audit Committee
Hani Ascha, Chair
Houssam Baroudi, M.D.
Kevin Hicks

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, a treasurer, and any other officers deemed necessary by the Board. 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.

The following individuals served as officers of the Company as of December 31, 2020:

Name	Title
Hassan Kataf	President and Secretary
Houssam Baroudi, M.D.	Vice President and Treasurer
Troy Winch	Assistant 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 that some of the conflict of interest statements were not fully completed to indicate whether there were conflicts. (Refer to Summary of Significant Findings)

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board and its committees for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events, and that the directors approved these transactions and events.

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. We noted no changes or amendments to the original articles of incorporation or bylaws for the Company.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2020 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 North Carolina statutory deposit.

ACCOUNTS AND RECORDS

The Company's books and records are maintained at the main administrative office at 5830 University Parkway, Winston-Salem, North Carolina 27105.

FIDELITY INSURANCE

The Company did not have any fidelity bond coverage during the period covered by this examination from February 16, 2016, to December 31, 2020. (Refer to the Summary of Significant Findings and Subsequent Events)

SERVICE AGREEMENTS

The Company has a Program Management Services Agreement with Premier, effective January 1, 2016, whereby Premier provides marketing, underwriting, premium billing, and premium collection services to the Company. The agreement is effective for five (5) years and will automatically renew for successive five-year periods unless either party provides written notice at least one year prior to the then current renewal period. The Company pays Premier 21% of its gross net written premiums and a profit commission bonus under this agreement. The president of Premier is also the president and a director of the Company. Under this agreement, the Company incurred approximately $1,400,000 and $1,289,000 in fees for the years 2020 and 2019, respectively. As of December 31, 2020, and 2019, no profit commissions were earned by- or payable to Premier.

The Company has a Captive Management Services Agreement with Risk Services – Vermont, Inc. ("Risk Services"), effective March 1, 2016, whereby Risk Services provides pre-licensure, regulatory, home office, and accounting services to the Company. The agreement is effective for five (5) years commencing on February 17, 2016, 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 $65,000. The annual minimum fee of $65,000 increases annually for the duration of the agreement at a rate of 5% each year. The vice president of Risk Services is also the assistant treasurer of the Company. Under this agreement, the Company incurred approximately $200,000 and $130,000 in fees for the years 2020 and 2019, respectively.

RELATED PARTY TRANSACTIONS

The Company collects association dues on behalf of Premier and collected approximately $400,000 and 370,000 for the years ended December 31, 2020, and 2019, respectively. The Company had approximately $115,000 and $41,000 of Premier's association dues remaining payable at December 31, 2020 and 2019, respectively.

THIRD PARTY ADMINISTRATORS

The Company contracts with Third Party Administrators ("TPAs") that administer the operations of the Company. Sedgwick Claims Management Services, Inc. and Mendes and Mount, LLC perform claims adjudication services for the Company.

The Company utilizes Mendes and Mount, LLC, a TPA, to provide claims handling services, which include investigating, posting reserves, and managing litigation. Under this contract, the Company incurred service fees totaling $448,167 and $70,181in 2020 and 2019, respectively.

The Company utilizes Sedgwick Claims Management Services, Inc., a TPA, to provide claims handling services, which include assisting in the preparation of claims for suit, trial, and submitting status and administrative reports. Under this contract, the Company incurred service fees totaling $19,974 and $123,525 in 2020 and 2019, respectively.

TERRITORY AND PLAN OF OPERATION

At December 31, 2020, the Company was licensed in North Carolina and registered in Arizona, California, Colorado, Florida, Georgia, Hawaii, Illinois, Maryland, Michigan, Nevada, New Jersey, New York, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, and Washington.

The Company writes medical professional liability coverage on a claims made basis with limits of up to $1.3 million per incident. The Company operates through independent agents to write lines of business.

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 2020:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income(loss)
2020	$13,862,613	$2,462,015	$6,732,208	$5,782,270	$(398,881)
2019	$11,040,757	$2,357,850	$6,139,767	$3,827,395	$(309,492)
2018	$6,517,918	$1,766,323	$3,229,440	$2,644,727	$(345,327)
2017	$5,309,637	$1,924,522	$2,734,314	$1,517,804	$(126,497)
2016	$2,047,724	$1,115,900	$946,917	$207,872	$5,261

ACTUARIAL OPINION

Risk retention groups domiciled in the State of North Carolina shall annually submit the opinion of an appointed actuary and an actuarial opinion summary in accordance with GS § 58-10-415(a), GS § 58-10-150 and GS § 58-10-155.

The statutory reserves and related items for 2020 were reviewed and certified by the Company's Appointed Actuary, Robert F. Scott, Jr., FCAS, MAAA with CAI Casualty Actuaries, 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. 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 Wesco Insurance Company effective April 1, 2016, whereby the Company cedes losses in excess of $250,000 per occurrence. The reinsurer shall indemnify the Company 100% of the amount by which the ultimate net loss exceeds the Company's retention, and the liability of the reinsurer shall not exceed $750,000 ultimate net loss, each and every insured, each and every claim, and $1,500,000 in aggregate for the same claim.

In respect of policies with limits of $1,000,000 per claim or less, $1,050,000 ultimate net loss, each and every insured, each and every claim, and $2,100,000 in aggregate for the same claim, in respect of policies with limits of $1,300,000 per claim or less.

The Company ceded written premiums totaling $787,802 and $814,007 in 2020 and 2019, respectively, under this contract.

The Company is eligible to receive a 45% profit sharing commission under this agreement, based upon the net profitability as defined in the contract. During 2020, the Company collected approximately $300,000 under these provisions.

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, 2020. 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, 2019, are unexamined and are presented for comparative purposes only.

Doctors Professional Liability Risk Retention Group, Inc.
Statutory Statement of Admitted Assets
December 31, 2020

	2020	**2019** ***(unexamined)***
Cash and short-term investments	$9,728,322	$7,217,979
Total cash and invested assets	**9,728,322**	**7,217,979**
Investment income due and accrued	5	1,172
Premiums and agents' balances in course of collection	458,011	735,888
Other amounts receivable under reinsurance contracts	1,797,725	1,442,750
Net deferred tax asset	91,540	223,172
Deferred policy acquisition costs	774,371	750,272
Prepaid and deferred expenses	123,533	119,053
Claims receivable	-	165,625
Deductibles receivable	679,064	383,635
Claims escrow	58,796	1,211
Capital receivable	151,246	-
Total admitted assets	**$13,862,613**	**$11,040,757**

Doctors Professional Liability Risk Retention Group, Inc.
Statutory Statement of Liabilities, Capital, and Surplus
December 31, 2020

	2020	**2019** *(unexamined)*
Losses	$3,473,671	$2,110,832
Loss adjustment expenses	2,990,926	1,935,005
Other expenses	371,865	295,546
Taxes, licenses, and fees	166,023	201,.873
Unearned premiums	3,251,416	3,089,280
Ceded reinsurance premiums payable	1,146,697	1,050,371
Total Liabilities	**11,400,598**	**8,682,907**
Common capital stock	635,675	519,205
Gross paid in and contributed surplus	2,796,170	1,747,932
Surplus notes	825,000	925,000
Unassigned funds	(1,794,830)	(834,287)
Total capital and surplus	2,462,015	2,357,850
Total Liabilities, Capital, and Surplus	**$13,862,613**	**$11,040,757**

Doctors Professional Liability Risk Retention Group, Inc.
Statutory Statement of Operations
December 31, 2020

	2020	**2019** *(unexamined)*
Underwriting Income		
Premiums Earned	$5,782,270	$3,827,395
Deductions		
Losses incurred	2,493,906	1,619,029
Loss adjustment expenses incurred	2,396,236	1,488,555
Other underwriting expenses incurred	1,353,479	1,182,123
Total underwriting deductions	6,243,621	4,289,707
Net underwriting (loss)	(461,351)	(462,312)
Investment Income		
Net investment income earned	17,370	38,222
Net investment gain	17,370	38,222
Federal income taxes incurred	(45,100)	(114,598)
Net Loss	**($398,881)**	**($309,492)**

Doctors Professional Liability Risk Retention Group, Inc.
Statutory Statement of Capital and Surplus
December 31, 2020

	2020	2019 *(unexamined)*
Capital and surplus, beginning of year	$2,357,850	$1,766,323
Capital and surplus increases(decreases):		
Net Loss	(398,881)	(309,492)
Change in surplus notes	(100,000)	-
Capital changes to paid-in capital	116,471	90,102
Surplus adjustments to paid-in capital	1,048,238	810,917
Audit adjustment	(561,663)	-
Change in capital and surplus as regards policyholders for the year	104,165	591,527
Capital and surplus, end of year	$2,462,015	$2,357,850

Doctors Professional Liability Risk Retention Group, Inc.
Statutory Statement of Cash Flow
December 31, 2020

	2020	**2019** *(unexamined)*
Cash From (Used By) Operations		
Premiums collected net of reinsurance	$5,812,389	$4,698,395
Net investment income	18,537	38,847
Total	5,830,926	4,737,242
Benefit and loss related payments	1,131,067	803,068
Commissions, expenses paid and aggregate write-ins	2,681,905	2,037,496
Total	3,812,972	2,840,564
Net cash from operations	**2,017,954**	**1,896,678**
Cash From (Used By) Financing and Miscellaneous Sources		
Surplus notes, capital notes	(100,000)	-
Cash from capital and paid-in surplus	1,164,709	901,019
Other cash (applied)	(572,320)	(324,903)
Net cash from financing and miscellaneous sources	**492,389**	**576,116**
Reconciliation of Cash and Short-Term Investment		
Net change in cash and short-term investments	2,510,343	2,472,794
Cash and short-term investments, beginning of year	7,217,979	4,745,185
Cash and short-term investments, end of year	**$9,728,322**	**$7,217,979**

COMMENTS ON FINANCIAL STATEMENTS

Department examiners recommended adjustments resulting in a decrease in the Company's surplus and an increase in the Company's net loss as reported in the Company's 2020 AS. The examination adjustments, which are not reflected in the financial statements and related tables presented within this report, relate 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 based on the Generally Accepted Accounting Principles and accounting practices prescribed or permitted by the Department.

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

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: 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.

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.

Business acquisition costs: Charged to income as incurred.

Loan-backed securities: Stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.

Unpaid loss & 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.

Surplus Notes: Reported as shareholders' equity pursuant to the Department's approval.

Reinsurance Activity:

The Company has excess of loss contract to minimize its exposure to losses. reinsurance contract does not relieve the Company of its primary obligation to policyholders. Failure of the reinsurer to discharge its obligations could result in losses to the Company. The Company utilizes Risk Services as a reinsurance intermediary to negotiate and obtain reinsurance contract on its behalf for specifically identified risks.

Direct and ceded premiums written and earned are as follows:

	2020	**2019**
Direct written	$6,732,208	$6,139,767
Ceded written	787,802	814,007
Net written	**5,944,406**	**5,325,760**
Direct earned	6,611,767	4,418,188
Ceded earned	828,888	590,793
Net earned	**$5,782,270**	**$3,827,395**

The reinsurers share in the risks at different levels as specified in the reinsurance contracts. The types of contracts 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:

	2020	**2019**
Reserve for losses and loss adjustment expenses, beginning of year	$4,045,837	$2,374,451
Add:		
Provision for losses and loss adjustment expenses, current year	4,127,278	2,746,126
Change in estimated losses and loss adjustment expenses, prior years	762,864	361,458
Total incurred	4,890,142	3,107,584
Deduct:		
Losses and loss adjustment expenses paid, current year	512,805	261,073
Losses and loss adjustment expenses paid, prior year	1,958,577	1,175,125
Total paid	2,471,382	1,436,198
Reserve for losses and loss adjustment expenses, end of year	6,464,597	4,045,837
Increase in reserve for losses and loss adjustment expenses	$2,418,760	$1,671,386

At December 31, 2020 and 2019, there were no anticipated subrogation recoveries or amounts recoverable from the reinsurer which reduced the Company's liability for losses and loss adjustment expenses.

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:

	2018	2017	2016
Capital and surplus, beginning of year	$1,924,522	$1,115,900	$-
Capital and surplus increases (decreases):			
Net income(loss)	(345,327)	(126,497)	5,261
Capital changes paid-in	49,538	43,512	336,054
Surplus adjustments to paid-in capital	445,823	391,607	99,585
Change in surplus notes	(250,000)	500,000	675,000
Audit adjustment	(58,233)	-	-
Change in surplus as regards policyholders for the year	(158,199)	808,622	1,115,900
Capital and surplus, end of year	$1,766,323	$1,924,522	$1,115,900

Contingencies:

The Company reported deductibles receivable totaling $679,064 at December 31, 2020, which includes $623,122 paid by the Company on behalf of one insured member physician with a suspended medical license. The Company expects to fully recover the receivable when the physician's medical license becomes reinstated; however, it is unclear when the license reinstatement will occur. The Company's independent public accountant estimated an allowance for bad debt totaling $155,781, which is 25% of the deductible receivable balance due at December 31, 2020. (Refer to Summary of Significant Findings)

SUBSEQUENT EVENTS

On December 29, 2021, Premier purchased fidelity bond insurance in the amount of $50,000 with the Company listed as the named insured in accordance with the Company's Program Management Services Agreement. The NAIC's recommended minimum fidelity bond coverage for the Company is $150,000. (Refer to Summary of Significant Findings)

Doctors Professional Liability Risk Retention Group, Inc.
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2020

Hassan Kataf, President/Secretary
23276 South Pointe Dr. #204
Laguna Hills, California 92653

Houssam Baroudi, M.D., Vice-President/Treasurer
23276 South Pointe Dr. #204
Laguna Hills, California 92653

Hani Ascha, Board of Director
23276 South Pointe Dr. #204
Laguna Hills, California 92653

Kevin Hicks, Board of Director
5630 University Parkway
Winston-Salem, North Carolina 27105

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 $1,000,000.

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

Respectfully submitted,

Ke Xu, CPA, CFE
Chief Financial Examiner
North Carolina Department of Insurance

May 23, 2022

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Keith Greene, Insurance Company Manager, 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: Keith Greene Date: 5/23/2022

Sworn and subscribed before me this 23rd day of May, 2022.

Notary Public Signature: Grant James Myers Notary Public Seal: GRANT JAMES MYERS My Commission Expires NOTARY PUBLIC August 18, 2024 WAKE COUNTY, NC