



NC DEPARTMENT
of **INSURANCE**
MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

Tel 919.807.6602 Fax 919.807.6635

I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of the Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund as of December 31, 2023 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 17th day of June, 2025.



Mike Causey
Commissioner of Insurance

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

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund

Charlotte, North Carolina

Report on Examination

As of December 31, 2023

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May 15, 2025

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

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-47-100 and 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

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund

(hereinafter referred to as the “Fund”), acknowledging that its main administrative and statutory home office is located at 710 Imperial Court, Charlotte, North Carolina 28273. The following report on examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of the Fund. This examination covers the period from January 1, 2019, to December 31, 2023, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of the Fund was as of December 31, 2018.

The purpose of this examination is to assess the financial condition and controls of the Fund 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 Fund, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause the Fund’s surplus to be materially misstated both currently and prospectively.

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

Capital and Surplus
Claims Handling and Reserving
Investments
Premiums and Underwriting
Reinsurance Ceding

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 Fund's financial statements.

This examination report includes significant findings of fact and general information about the Fund 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 Fund.

The Fund'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 Fund's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Fund management.

The books and records of the Fund are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). FORVIS, LLP of Fort Worth, Texas, the designated independent public accountant of the Fund, issued an unmodified opinion for each year subsequent to the Department's prior examination through, and including, the year ended December 31, 2023.

REPORT ACRONYMS

AssuredPartners NL, LLC	"APN"
Board of Trustees	"Board"
Carolinas Roofing and Sheet Metal Contractors Association	"Association"
Carolinas Roofing & Sheet Metal Contractors Self-Funds Fund	"Fund"
Financial Condition Examiners Handbook	"Handbook"
General Statutes of North Carolina	"GS"
Information Technology General Controls	"ITGCs"
Information Technology Planning Questionnaire	"ITPQ"
Mt. Vista Capital, Inc.	"Mt. Vista"
National Association of Insurance Commissioners	"NAIC"

SUMMARY OF SIGNIFICANT FINDINGS

COMMENTS, RECOMMENDATIONS AND DIRECTIVES

- a. The Fund did not obtain conflict of interest statements executed for all officers and trustees for the years 2019 through 2022. The Fund did not obtain one (1) trustee's statement in 2019, 2020 and 2021, and three (3) trustees' statements were not obtained in 2022. Pursuant to North Carolina Administrative Code Title 11 Chapter 11C.0117, the Fund is directed to execute and maintain executed conflict of interest statements annually for all officers and trustees.
- b. The Fund did not properly report and remit unclaimed payments to the Department of State Treasurer on an annual basis after the dormancy period was met in accordance with GS 116B North Carolina Unclaimed Property Act. This issue was also noted during the Department's prior examination as of December 31, 2018. The Fund is directed to comply with GS 116B.

FUND HISTORY

The Fund was incorporated and commenced business on January 27, 1964, as a self-insured group fund to provide workers' compensation insurance coverage to member-employers of the Carolinas Roofing & Sheet Metal Contractors Association ("Association") throughout North Carolina and South Carolina. The Fund is currently only permitted to admit new members from North Carolina.

DIVIDENDS TO MEMBERS

Dividends on common stock are paid as declared by the Board of the Fund. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Fund 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 Fund paid a \$350,000 dividend in each of the years under examination.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Members

According to the bylaws, membership in the Association in good standing shall be a requirement for membership in the Fund. The Fund's bylaws provide that an annual meeting of the members of the Fund be held in conjunction with the annual meeting of the Association.

Board of Trustees

The business and affairs of the Fund are managed by elected officers and subject to review by the Board. The bylaws specify that the Board shall be composed of eleven (11) trustees, which are divided into three (3) groups to allow for a staggered expiration of service terms, such that the reelection of a trustee group occurs every two years.

Trustees are elected by the members of the Fund for a term of six (6) years, and the election of new trustees is only conducted when a term expires. Trustees hold office until the expiration of their term unless prior to the expiration of that term a trustee 1) ceases to be a member in either the Association or the Fund; 2) becomes incapacitated; 3) is replaced by a majority vote of the Board; or 4) retires from business. In the event a trustee position becomes vacant, the Board may elect a successor trustee to fulfill the unexpired term. If the Board does not elect a successor, the vacancy shall be filled at the next regularly scheduled election for the particular group of trustees with the vacancy.

Special meetings of the Fund or the Board may be called by the Chairman or by any four (4) members of the Board.

The following individuals served as Trustees as of December 31, 2023:

Name	Location	Principal Occupation
Amanda A. Childs	Prosperity, SC	President, Achelpohl Roofing & Sheetmetal, Inc.
Charles E. Lloyd IV	Greenwood, SC	Vice President, Lloyd Roofing Company, Inc.
David O. Brashear	Fort Mill, SC	President, Johnson's Roofing Services, Inc.
Hugh S. Lanier Jr.	Emerald Isle, NC	Owner, Quality Roofers Inc.
James M. Spann IV	Murrells Inlet, SC	Vice President, Spann Roofing and Sheet Metal, Inc.
James T. Pickard	Durham, NC	Vice President, Pickard Roofing
Michael G. Stewart	Marshville, NC	President, Piedmont Commercial Roofing, Inc.
Patrick A. O'Connor	Columbia, SC	President, Watts & Associates Roofing, Inc.
Robert W. Pickens	Greenville, SC	President, Pickens Roofing & Sheet Metal Inc.
Rodney M. Piper Jr.	Greenville, SC	President, J.A. Piper Roofing Company, Inc.
William F. Funderburk Jr.	Mount Holly, NC	President, Murr & Laney, Inc.

The Board has established the following committees to act on behalf of the Fund: Executive Committee, Long-Range Planning Committee, Financial Audit Committee, Claims Committee, Collection Committee, Membership Committee, Premium Audit Committee, and Safety Committee.

The following individuals served on committees as of December 31, 2023:

Executive, Long-Range Planning

& Financial Audit Committees

Patrick A. O'Connor (Chairman)
David O. Brashear
Robert W. Pickens
Rodney M. Piper Jr.
William F. Funderburk Jr.

Membership Committee

Robert W. Pickens (Chairman)
Amanda A. Childs
Hugh S. Lanier Jr.
James T. Pickard

Claims Committee

James M. Spann IV (Chairman)
Charlie E. Lloyd IV
David O. Brashear
Michael G. Stewart

Premium Audit Committee

Robert W. Pickens (Chairman)
Amanda A. Childs
Rodney M. Piper Jr.
William F. Funderburk Jr.

Collection Committee

Rodney M. Piper Jr. (Chairman)
Charlie E. Lloyd IV
Michael G. Stewart
William F. Funderburk Jr.

Safety Committee

David O. Brashear (Chairman)
Charlie E. Lloyd IV
James M. Spann IV
Michael G. Stewart

Ex-Officio of all Committees

Alan D. Austin, Executive Director

Officers

According to the bylaws, the trustees, from their own members, shall elect a chairman, vice chairman, secretary, and treasurer. The trustees may also elect an assistant secretary and an assistant treasurer, who need not be a trustee, and such additional officers as deemed necessary. All officers shall serve at the pleasure of the Board.

The following individuals served as officers of the Fund as of December 31, 2023:

Name	Title
Patrick A. O'Connor	Chairman
David O. Brashear	Vice Chairman
Rodney M. Piper Jr.	Treasurer
William F. Funderburk Jr.	Secretary

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Fund's conflict of interest disclosure policy requires each corporate officer, member of the Board, and any other "responsible employee" of the Fund to submit a disclosure statement annually setting forth all dualities of interest and possible conflicts of interest between the individual and the Fund. A review of the signed conflict of interest statements for the examination period revealed that the Fund was not in compliance 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 Board minutes documented the Fund's significant transactions and events and that the trustees approved these transactions and events.

The Fund's articles of incorporation and bylaws were reviewed for any changes during the period under examination. Based on the review, there were no changes to the Fund's articles of incorporation or bylaws during the examination period.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. At December 31, 2023, the Fund maintained statutory deposits in North Carolina and South Carolina totaling \$815,000 and \$1,712,917, respectively.

ACCOUNTS AND RECORDS

The Fund's books and records are maintained at the main administrative office at 710 Imperial Court, Charlotte, North Carolina.

INFORMATION TECHNOLOGY CONTROLS

The Department performed a risk-based assessment and review of the Fund's Information Technology General Controls ("ITGCs") in accordance with the NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Fund's ITGCs were derived from Exhibit C Part 1 – Information Technology Planning Questionnaire ("ITPQ") and Exhibit C Part 2 – Information Technology Work Program (collectively, "Exhibit C"). The Fund's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The Department's objectives were to obtain reasonable assurance about whether:

- a. The Fund had a process in place to effectively identify, mitigate, and manage its IT risks;
- b. The Fund's control structure, policies, and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. The Fund was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Fund's policies and procedures, testing in key areas related to Exhibit C, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by FORVIS, LLP.

Based upon the risk-based assessment and review, the Fund's ITGCs were determined to be effective.

FIDELITY BONDS AND OTHER INSURANCE

The Fund has fidelity bond coverage totaling \$500,000 in aggregate, which exceeds the minimum amount of fidelity bond coverage recommended by the Handbook.

In addition, the Fund is a named insured on various corporate property and liability policies, including officer and director liability coverage, which appeared to be adequate to cover risks in the ordinary course of business.

SERVICE AGREEMENTS

The Fund has a Management Agreement with Mt. Vista Capital, Inc. (“Mt. Vista”) for the administration of the Fund’s daily business operations. Alan Austin, the Fund’s Executive Director, is the President of Mt. Vista. The services provided by Mt. Vista include, but are not limited to, day-to-day operations, interface with state regulatory agencies, budget analysis, and representing the Fund as directed by the Board for an agreed upon annual service fee. Service fees were paid monthly, and the Fund incurred fees totaling \$84,000 in 2023 and 2022 under this agreement.

The Fund has a Third-Party Administration Agreement with AssuredPartners NL, LLC (“APN”), whereby the Fund pays an agreed upon annual service fee for APN to administer workers’ compensation claims and provide underwriting, safety and inspection, and other general administration services to the Fund including financial reporting, premiums calculations, and insurance quotes. APN assigned the claims processing services to a sub-service provider, Planned Administrators, Inc. Service fees were paid monthly, and the Fund incurred fees totaling \$434,927 and \$436,590 in 2023 and 2022, respectively, under this agreement.

The Fund has a Service Agreement with the Association under which the Association provides the Fund bookkeeping, accounting, and various administrative services for an agreed upon annual service fee subject to a minimum of \$42,500 annually. Service fees were paid monthly, and the Fund incurred fees totaling \$63,555 and \$62,424 in 2023 and 2022, respectively, under this agreement.

The Fund has an Agency Agreement with First Citizens Bank and Trust Company, Inc. under which the Fund is provided custodian and investment management services. Under this agreement, the Fund was charged investment advisory fees totaling \$75,134 and \$70,691 in 2023 and 2022, respectively.

The Fund has a Medicare Second Payer Compliance Services Agreement with Gould & Lamb, LLC under which Gould & Lamb, LLC ensures the Fund’s claims comply with the Medical Secondary Payers Act. Under this agreement, the Fund incurred a fixed minimum fee totaling \$2,500 in 2023 and 2022.

TERRITORY AND PLAN OF OPERATION

The Fund is licensed to write self-insured workers’ compensation insurance coverage for members of the Association. The Association promotes the Fund to its eligible members. Prospective employers must meet specified underwriting criteria before they can become insurable members. At December 31, 2023, the Fund had a total of 29 members, of which there were 14 members in North Carolina and 15 members in South Carolina. The Fund is permitted to admit new members in North Carolina only.

TRENDS OF THE FUND

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Fund for the five-year period ended December 31, 2023:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income (Loss)
2023	\$16,543,669	\$13,167,052	\$2,639,428	\$2,090,644	\$(304,475)
2022	\$15,692,132	\$13,063,434	\$2,640,601	\$2,116,041	\$190,870
2021	\$16,308,295	\$13,603,421	\$2,855,734	\$2,274,446	\$575,413
2020	\$15,966,055	\$12,832,271	\$3,978,391	\$3,453,490	\$2,599,170
2019	\$14,740,115	\$9,856,386	\$4,765,556	\$4,149,871	\$1,928,724

ACTUARIAL OPINION

Every workers' compensation self-insured fund 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 2023 were reviewed and certified by the Fund's Appointed Actuary, Ellen Pierce, FCAS, MAAA of Casualty Actuarial Consultants. Actuarial opinions regarding the Fund'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 Fund for reasonableness and consistency of the losses and loss adjustment expense reserves. According to the actuarial opinions, the Fund'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 Fund.

REINSURANCE PROGRAM OVERVIEW

REINSURANCE CEDED

The Fund maintains a Specific Excess & Aggregate Excess Workers' Compensation and Employers Liability Indemnity Contract with Midwest Employers Casualty, effective January 1, 2023. Under the contract, the reinsurer provides coverage for 100% of losses in excess of the Fund's retention of \$1,000,000 up to statutory limits, subject to a \$350,000 corridor. The Fund ceded premiums totaling \$548,784 and \$524,560 in 2023 and 2022, respectively.

The Department approved the Fund's request for a waiver of the statutorily required aggregate excess insurance coverage each year during the examination period from January 1, 2019, to December 31, 2023.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Fund with the Department and present the financial condition of the Fund for the period ending December 31, 2023. 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, 2022, are unexamined and are presented for comparative purposes only.

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund
Statutory Statement of Admitted Assets
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Bonds	\$10,501,488	\$9,704,452
Common stocks	3,676,101	3,741,134
Cash, cash equivalents and short-term investments	1,991,688	2,089,059
Total cash and invested assets	16,169,277	15,534,645
Investment income due and accrued	45,975	42,959
Uncollected premiums and agents' balances in course of collection	190,269	266,939
Amounts recoverable from reinsurers	6,866	5,132
Current federal income tax recoverable and interest thereon	131,282	-
Prepaid reinsurance premium	-	112,457
Total admitted assets	\$16,543,669	\$15,962,132

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund
Statutory Statement of Liabilities, Capital and Surplus
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Losses	\$2,160,711	\$1,830,816
Loss adjustment expenses	192,459	121,865
Other expenses	14,438	8,050
Taxes, licenses and fees	37,971	35,009
Current federal and foreign income taxes	-	57,995
Net deferred tax liability	157,398	83,959
Ceded reinsurance premiums payable	105,718	44,309
Escrow payments held	707,922	716,965
Total liabilities	3,376,617	2,898,698
Unassigned funds	13,167,052	13,063,434
Total surplus	13,167,052	13,063,434
Total liabilities and surplus	\$16,543,669	\$15,962,132

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund
Statutory Statement of Operations
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Underwriting income		
Premiums earned	\$2,090,644	\$2,116,041
Deductions		
Losses incurred	1,202,939	767,920
Loss adjustment expenses incurred	644,140	538,852
Other underwriting expenses incurred	457,624	436,846
Total underwriting deductions	2,304,703	1,743,618
Net underwriting gain (loss)	(214,059)	372,423
Investment income		
Net investment income earned	219,512	116,204
Net realized capital gains (losses)	(18,138)	86,639
Net investment gain	201,374	202,843
Other income		
Late payment penalty	-	151
Other income	13,755	471
Total other income	13,755	622
Net income before dividends to policyholders	1,070	575,888
Dividends to policyholders	350,000	350,000
Net income after dividends to policyholders	(348,930)	225,888
Federal income taxes incurred	(44,455)	35,018
Net income (loss)	\$(304,475)	\$190,870

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund
Statutory Statement of Surplus
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Surplus as regards to policyholders, beginning of year	\$13,063,434	\$13,603,421
Surplus increases (decreases):		
Net income (loss)	(304,475)	190,870
Change in net unrealized capital gains or (losses)	354,875	(713,010)
Change in net deferred income tax	20,894	15,372
Change in non-admitted assets	32,324	(33,219)
Change in surplus as regards policyholders for the year	103,618	(539,987)
Surplus as regards to policyholders, end of year	\$13,167,052	\$13,063,434

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund
Statutory Statement of Cash Flow
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Cash from operations		
Premiums collected net of reinsurance	\$2,228,723	\$2,137,726
Net investment income	210,057	164,718
Miscellaneous income	13,755	622
Total	2,452,535	2,303,066
Benefit and loss related payments	874,778	399,173
Commissions, expenses paid and aggregate write-ins	1,021,820	978,988
Dividends paid to policyholders	350,000	350,000
Federal income taxes paid	140,001	(10,494)
Total	2,386,599	1,717,667
Net cash from operations	65,936	585,399
Cash from (used by) investments		
Proceeds from investments sold, matured or repaid	3,862,666	3,350,138
Cost of investments acquired:	4,161,980	3,330,794
Net cash (used by) investments	(299,315)	19,344
Cash from (used by) financing and miscellaneous sources		
Other cash provided (applied)	136,008	(163,726)
Net cash from (used by) financing and miscellaneous sources	136,008	(163,726)
Reconciliation of cash and short-term investment		
Net change in cash and short-term investments	(97,371)	441,017
Cash and short-term investments, beginning of year	2,089,059	1,648,042
Cash and short-term investments, end of year	\$1,991,688	\$2,089,059

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 Fund are as follows:

Bonds: Reported at amortized cost or estimated fair value based on their NAIC rating. Amortization is calculated using the effective interest method, including anticipated prepayments at the purchase date for mortgage-backed securities. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method.

Common stocks: Reported at fair value as prescribed or permitted by the NAIC, and the related net unrealized capital gains (losses) are reported in policyholders' surplus, net of deferred income taxes.

Short-term investments: Include all investments whose remaining maturities, at the time of acquisition, are one year or less and are stated at amortized cost, which approximates estimated fair value.

Premiums: Premiums are earned pro rata over the terms of the policies, which are typically on a calendar year basis. The reserve for unearned premiums is determined on a pro rata basis. Premiums collected before the effective date of a policy are recorded as a liability until the policy becomes effective.

Loss and loss adjustment expense reserves: Loss and loss adjustment expense reserves represent the estimated ultimate net cost of all reported and unreported losses incurred. The reserves for unpaid losses and loss adjustment expenses are estimated based on past experience.

Reinsurance: Utilized to reduce its exposure to losses that may arise from catastrophes or other events that may cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Prospective reinsurance premiums, losses, and loss adjustment expense are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums, losses and loss adjustment expense incurred, reserves for unpaid losses and loss adjustment expense, and reserves for unearned premiums are reported net of reinsurance.

Income Taxes: Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable because of taxable operations for the current year and any adjustment to such estimates from prior years. Deferred income tax assets and liabilities are recognized for expected future tax consequences of temporary differences between statutory income and taxable income. Deferred tax assets are admitted to the extent permissible under NAIC guidelines, while changes in deferred tax assets and liabilities are recognized as a separate component of policyholders' surplus.

Analysis of Assets:

The Company reported the following assets as non-admitted as of December 31, 2023: 1) Uncollected premiums and agents balances in course of collection totaling \$13,057 and 2) Prepaid insurance totaling \$31,774.

Reinsurance Activity:

The Fund has a reinsurance contract to minimize its exposure to losses. Reinsurance contracts do not relieve the Fund of its primary obligation to policyholders. Failure of the reinsurers to discharge their obligations could result in losses to the Fund. The Fund utilizes APN 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:

	2023	2022
Direct written	\$2,639,428	\$2,640,601
Ceded written	(548,784)	(524,560)
Net written	2,090,644	2,116,041
Direct earned	2,639,428	2,640,601
Ceded earned	(548,784)	(524,560)
Net earned	\$2,090,644	\$2,116,041

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

Summary of Reserves:

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

	2023	2022
Reserve for losses and loss adjustment expenses, beginning of year	\$1,952,681	\$1,557,024
Add:		
Provision for losses and loss adjustment expenses, current year	1,662,000	1,296,000
Change in estimated losses and loss adjustment expenses, prior years	185,079	10,772
Total incurred	1,847,079	1,306,772
Deduct:		
Losses and loss adjustment expenses paid, current year	579,000	301,000
Losses and loss adjustment expenses paid, prior year	867,590	610,115
Total paid	1,446,590	911,115
Reserve for losses and loss adjustment expenses, end of year	2,353,170	1,952,681
Increase in reserve for losses and loss adjustment expenses	\$400,489	\$395,657

Reserves for losses and loss adjustment expenses are reported net of the amounts that are recoverable under the Fund's reinsurance contracts. At December 31, 2023, and 2022, the liability for losses and loss adjustment expenses was reduced by \$868,733 and \$1,672,317, respectively, for amounts to be recovered from refunds.

Surplus:

The following, in conjunction with the Statutory Statement of Surplus, represents the changes in the Fund's surplus since the Department's last examination as of December 31, 2018:

	2021	2020	2019
Surplus, beginning of year	\$12,832,271	\$9,856,386	\$7,762,287
Surplus increases (decreases):			
Net income	575,413	2,599,170	1,928,724
Change in net unrealized capital gains	188,594	419,958	214,630
Change in net deferred income tax	7,748	(46,177)	(35,433)
Change in non-admitted assets	(605)	2,934	(13,822)
Change in surplus for the year	771,150	2,975,885	2,094,099
Surplus, end of year	\$13,603,421	\$12,832,271	\$9,856,386

SUBSEQUENT EVENTS

On January 1, 2025, David Brashear, Vice Chairman of the Board, resigned from the Board when his company's membership in the Fund ended.

On December 1, 2023, the Department provided no objection regarding the Fund paying an ordinary cash dividend to policyholders totaling \$350,000. The Fund paid the dividend on December 18, 2023.

Carolinas Roofing & Sheet Metal Contractors Self-Insurers Fund
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2023

Alan D. Austin
Executive Director
770 Pelham Road, Suite 205
Greenville, South Carolina 29615

CONCLUSION

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

We conclude that the Fund complies with the minimum surplus requirements of GS § 58-47-85(1) for the kinds of insurance that the Fund has been authorized to write, which is \$364,754.

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

Respectfully submitted,



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

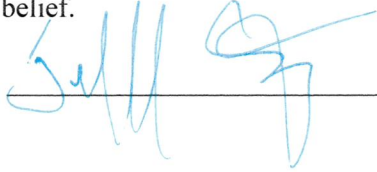
May 15, 2025

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey 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:

5/15/2025

Sworn and subscribed before me this 15 day of May, 2025.

Notary Public Signature:



Notary Public Seal:

