



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 Golden Insurance Company, a Risk Retention Group as of December 31, 2024 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 26th day of June, 2026.



Mike Causey  
Commissioner of Insurance

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

**Golden Insurance Company, a Risk Retention Group**

Charlotte, North Carolina

**Report on Examination**

As of December 31, 2024

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May 18, 2026

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 and § 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

### **Golden Insurance Company, a Risk Retention Group**

(hereinafter referred to as the “Company”), acknowledging that its main administrative office is located at 20860 North Tatum Boulevard, Suite 260, Phoenix, Arizona 85050. The Company’s statutory home office is located at 101 South Tryon Street, Suite 2700, Charlotte, North Carolina 28280. 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 January 1, 2020 to December 31, 2024, 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 Company was as of December 31, 2019.

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:

Capital and Surplus  
Investments  
Reinsurance Ceding  
Related Party  
Reserves and Claims Handling  
Underwriting

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 Generally Accepted Accounting Principles ("GAAP"). 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). Forvis Mazars, LLP of Fort Washington, Pennsylvania, the designated independent public accountant of the Company, issued an unmodified opinion for the years 2022 through 2024. JDS Professional Group, Inc. of Englewood, Colorado, was the designated independent public accountant of the Company prior to 2022 and issued unmodified opinions for the years 2020 and 2021.

## REPORT ACRONYMS

Accounting Standards Codification	“ASC”
Adjusting and Other	“A&O”
Board of Directors	“Board”
Certificate of Contribution	“Surplus Note”
Conflict of Interest	“COI”
Financial Condition Examiners Handbook	“Handbook”
Four Points Re SPC, Ltd	“Four Points”
General Statutes of North Carolina	“GS”
Generally Accepted Accounting Principles	“GAAP”
Golden Insurance Company, a Risk Retention Group	“Company”
Information Technology General Controls	“ITGCs”
Information Technology Planning Questionnaire	“ITPQ”
InSure Homes Services LLC	“IHS”
MS Amlin Underwriting Limited	“Amlin”
North Carolina Department of Insurance	“Department”
National Association of Insurance Commissioners	“NAIC”
NAIC Property and Casualty Annual Statement Instructions	“AS Instructions”
Premium Deficiency Reserve	“PDR”
SHW Insurance Services, Inc.	“SIS”
Statements of Statutory Accounting Principles	“SSAP”
Strategic Risk Solutions (West) Inc.	“SRS”
StrucSure Home Warranty, LLC	“SHW”
XL Catlin	“Caitlin”

## SUMMARY OF SIGNIFICANT FINDINGS

### COMMENTS, RECOMMENDATIONS AND DIRECTIVES

- a. The Company’s Warranty Administration Agreement with StrucSure Home Warranty, LLC (“SHW”) effective January 1, 2018, requires monthly settlement of amounts owed and due; however, the agreement does not include specific settlement terms for builder deductibles which are collected by SHW directly from builders and subsequently remitted to the Company on a quarterly basis. The Company reported amounts receivable for builder deductibles due from SHW totaling \$135,780 which were aged by over 90 days as of December 31, 2024. The Company is directed to comply with its executed agreement which requires monthly settlement or revise the agreement to include a provision specifying the quarterly settlement terms for the builder deductibles and file the revised agreement with the Department for review and approval pursuant to GS § 58-19-30(b).
- b. The Company was in violation of GS § 58-7-170(a), which requires the Company to maintain liquid assets in an amount that equals its entire policyholder-related liabilities and its minimum capital and surplus. The Company’s liquid assets were deficient by \$2,775,727 as of December 31, 2024. This issue was also noted during the Department’s prior examination and quarterly reviews as of March 31, 2025, and June 30, 2025. During our examination, the Company managed its capital levels in coordination with the Department to ensure subsequent capital contributions from SHW resulted in the Company meeting its minimum capital and surplus requirements. The Company is directed to comply with GS § 58-7-170(a). (Refer to Subsequent Events)

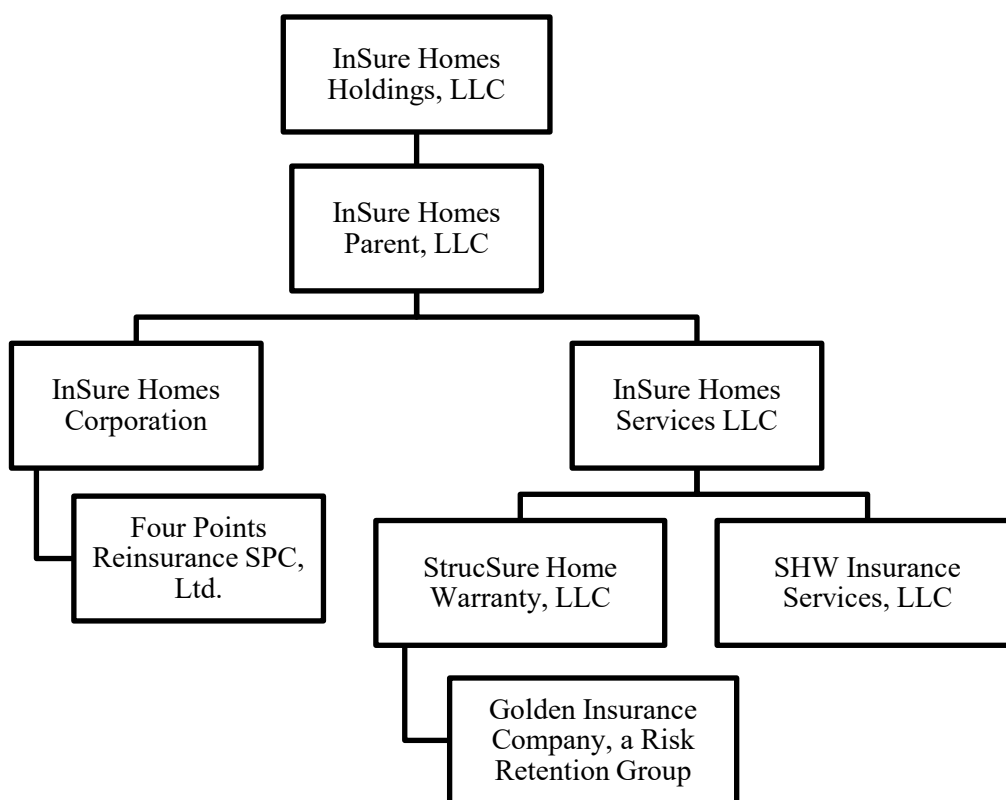
- c. The Company’s 3-year reinsurance contract brokered by Howden Specialty in effect from January 1, 2024, through January 1, 2027, did not meet the risk transfer requirements of Accounting Standards Codification (“ASC”) 944-20-15-59 based on the Department’s review. The Department allowed a one-time exception by not requiring the Company to account for the reinsurance transactions using deposit accounting as required by ASC 340-30-05-1 and instead permitted the Company to account for the contract as reinsurance for the years 2024 through 2026. The Department permitted the Company to continue utilizing reinsurance accounting through January 1, 2027, which is the last day the reinsurance contract will be effective. The Company is directed to comply with ASC 340-30-05-1 which requires reinsurance contracts which do not effectively transfer risk to be accounted for using deposit accounting pursuant to GS §58-10-405(b) and GS § 58-2-165(c).
- d. The Company failed to comply with the 2024 AS Instructions, which require the disclosure of Adjusting and Other (“A&O”) expense payments and reserves by year in which premiums were earned and losses were incurred on Schedule P – Part 1. At December 31, 2024, the Company reported no A&O expense payments or reserves on Schedule P of the 2024 Annual Statements despite incurring A&O expenses through its claims administration agreements with SHW, Sedgwick Claims Management Services, Inc. and American Claims Management, Inc. This omission did not have any impact on the financial statements presented in the Company’s 2024 Annual Statement. Pursuant to GS §58-10-405(b), the Company is directed to comply with GS 58-2-165(c) and to ensure accurate reporting to the Department in future filings.
- e. The Company’s Premium Deficiency Reserve (“PDR”) analysis as of December 31, 2024, was not in compliance with ASC 944-60-25-9, which requires that a premium deficiency reserve be recognized if the aggregate liability on an entire line of business is deficient. The Company’s PDR analysis indicated that no liability was required as of December 31, 2024; however, the following errors were noted in the Company’s analysis: 1) the calculation included recoveries based on reinsurance contracts that have not yet been purchased; 2) the calculation of ultimate required reserves was performed on a net basis after the application of per claim excess of loss reinsurance, not a gross basis; 3) the analysis includes 1-year policies which should be excluded as they do not meet the definition of long duration contracts; and 4) the analysis does not contemplate any maintenance costs. Based on the Department’s review, the Company’s PDR analysis is insufficient by at least \$1,600,000 at December 31, 2024. The Company is directed to comply with ASC 944-60-25-9 and to ensure accurate financial reporting to the Department pursuant to GS §58-10-405(b) and GS § 58-2-165(c). (Refer to Subsequent Events)
- f. The Company failed to comply with the 2024 AS Instructions, which require a reconciliation including the monetary effect on the Company’s statutory surplus using a state prescribed basis of accounting, which is GAAP, that differs from the Statements of Statutory Accounting Principles (“SSAP”). At December 31, 2024, the Company reported builders’ receivables on warranty claims totaling \$692,735, of which \$260,418 was aged over 90 days. While admissible under the GAAP basis of accounting, receivables aged over 90 days are nonadmitted under the SSAP and should have been included in the Company’s reconciliation in Note 1 of its 2024 Annual Statement. This omission did not have any impact on the financial statements presented in its 2024 Annual Statement. Pursuant to GS §58-10-405(b), the Company is directed to comply with GS 58-2-165(c) and to ensure accurate reporting to the Department in future filings.

## ORGANIZATIONAL STRUCTURE

The Company is part of an insurance holding company system as defined in GS § 58-19 and is 99.9% owned by SHW, the Company’s home warranty administrator. SHW and SHW Insurance Services, Inc. (“SIS”), an affiliate which markets and administers the Company’s primary and excess liability insurance programs, are wholly owned by InSure Homes Services LLC (“IHS”). IHS is indirectly owned by InSure Homes Holding LLC, a Delaware holding company which indirectly owns Four Points RE SPC, Ltd. (“Four Points”), which is one of the Company’s reinsurers.

### ORGANIZATIONAL CHART

The Company’s 2024 Annual Statement Schedule Y contains a complete organizational chart. The following is an organizational chart of the Company within the holding company group as of December 31, 2024:



## COMPANY HISTORY

The Company was established by its initial shareholder, SHW, as a captive risk retention group under the Federal Liability Risk Retention Act of 1981, as amended in 1986, on behalf of its participating builders. The Company was licensed as a stock insurance company in Nevada on July 9, 2001, and re-domesticated to North Carolina on December 29, 2017.

On December 20, 2007, the Company loaned \$464,718 to SHW, of which \$210,000 of this loan balance was assumed by SIS on October 1, 2010.

On December 19, 2018, the Company issued a Certificate of Contribution (“Surplus Note”) to SHW totaling \$250,000 paying 2.0% interest annually.

On February 26, 2021, IHS, an entity ultimately owned by Milestone FS Insure GP LLC, which is equally and jointly owned by Scott Warren, John Shoemaker, and Adam Curtin, submitted a Form A filing for the acquisition of SHW, the direct parent of the Company through ownership of 99% of the Company’s outstanding voting stock. The result of this acquisition was the indirect acquisition of the Company from Gerald Thompson by Milestone FS Insure GP LLC. The Company’s Form A filing was deemed complete on April 22, 2021, and was approved by the Department on June 11, 2021. As of June 30, 2021, IHS completed its acquisition of SHW resulting in the indirect control of the Company. The Company’s business operations, post-acquisition, continued without material change.

On August 31, 2021, both loans were repaid to the Company by SHW and SIS in full.

On December 23, 2021, the Company issued a Surplus Note to SHW totaling \$450,000 paying 2.0% interest annually.

## CAPITAL STOCK

As of December 31, 2024, the Company’s capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	9,999,751
Total common capital stock	\$99,962
Par value per share	\$0.01
Number of authorized common treasury shares	280
Number of common treasury shares issued and outstanding	280
Total common treasury shares	\$280
Par value per share	\$1.00

The Company issued the following shares during the examination period:

Year	Common Capital Shares Issued	Common Treasury Shares Issued
2024	1,129 shares	280 shares
2023	-	-
2022	577 shares	-
2021	615 shares	-
2020	700 shares	-

The Company received the following additional paid-in surplus from its parent, SHW, during the examination period:

<b>Year</b>	<b>Contributed Surplus</b>
2024	\$1,116,571
2023	\$1,915,662
2022	\$258,434
2021	\$310,039
2020	\$254,711

On December 31, 2024, the Company reported \$5,000,134 in gross paid-in and contributed surplus and (\$3,265,589) in unassigned funds.

## **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 stockholders are 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 amount in excess of this is considered extraordinary. The Company paid no dividends during the examination period.

## **MANAGEMENT AND CONTROL**

### **CORPORATE GOVERNANCE**

#### **Stockholders**

The Bylaws of the Company provide that an annual meeting of the stockholders 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 Board, chairman of the Board, the president or a majority of the stockholders.

#### **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 five, unless otherwise designated by the Board. Directors are elected annually, at the annual meeting of shareholders or by the written consent of the shareholders, and each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2024:

<b>Name</b>	<b>Location</b>	<b>Principal Occupation</b>
Richard Poling	Denver, CO	President, SHW and the Company
Gerald Thompson	Denver, CO	Former Chief Executive Officer, SHW
Shane Bender	Fort Worth, TX	Owner and President, Bender CFO Services
Glenn Cleek	Denver, CO	Claims Counsel, SHW and Vice President, Secretary and Treasurer of the Company
Leonard Clapp	Frederick, MD	Chief Financial Officer, Preferra Insurance Company
David Littlehale	Charlotte, NC	Director, Strategic Risk Solutions (West) Inc. (“SRS”)

The Board established an Audit Committee to act on behalf of the Company. The following individuals served on the Audit Committee as of December 31, 2024:

**Audit Committee**

Leonard Clapp, Chair  
Shane Bender  
David Littlehale

**Officers**

The Bylaws provide that the Board will elect the officers of the Company which consist of a president, a secretary, a treasurer, and other officers appointed by the Board. All officers shall hold offices, until the officer’s successors are elected and qualified or until the officer’s earlier resignation or removal. One person may hold more than one of the specified offices.

The following individuals served as officers of the Company as of December 31, 2024:

<b>Name</b>	<b>Title</b>
Richard Poling	President
Glenn Cleek	Vice President, Secretary, and Treasurer
Nancy Velasquez	Assistant Secretary
Aaron Smith	Assistant Secretary

**CODE OF CONDUCT AND CONFLICT OF INTEREST**

The Company has an established policy and procedure to identify existing or potential COIs and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any COI. A review of the signed COI statements for the examination period revealed that the Company acted in accordance with its policies and procedures for disclosure of COIs.

**CORPORATE RECORDS**

We reviewed the minutes of the meetings of the Board and the Audit Committee 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 of these transactions and events.

The Company'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 Company'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, 2024, the Company maintained statutory deposits in North Carolina totaling \$1,059,635.

## **ACCOUNTS AND RECORDS**

The Company's books and records are maintained at the main administrative office located at 20860 N. Tatum Boulevard, Suite 260, Phoenix, Arizona 85050. The books and records of the Company are maintained by SRS, the Captive Manager. SRS provides general management, financial reporting and regulatory compliance services to the Company. SRS utilizes Microsoft U.S. datacenters. In addition, internal applications and information technology infrastructure are located in the Company's third-party, Flexential, data center.

## **INFORMATION TECHNOLOGY CONTROLS**

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

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

## **FIDELITY BONDS AND OTHER INSURANCE**

At December 31, 2024, the Company had a professional liability insurance policy which provides \$1,000,000 coverage for the losses resulting from wrongful acts arising out of professional services provided by or on behalf of the Company and a management liability policy which provides \$1,000,000 coverage from a management liability and employment practices wrongful acts. The coverage exceeds the minimum amount of fidelity bond coverage recommended by the Handbook

## **THIRD-PARTY ADMINISTRATOR**

The Company has a Management Services Agreement with SRS, a North Carolina approved captive manager, effective June 1, 2017, to provide management services, which include general management, financial reporting, regulatory compliance, and investment accounting services. Under this agreement, the Company incurred services fees totaling \$207,924 and \$192,024 in 2024 and 2023, respectively.

The Company has a Claims Administration Agreement with Sedgwick Claims Management Services, Inc., formerly York Risk Services Group, Inc., effective April 1, 2016 and last amended April 1, 2019, to provide claims handling services, which include establishing and monitoring case reserves, assisting in the preparation of claims for suit, trial, or subrogation, and submitting status and administrative reports. Under this agreement, the Company incurred services fees of \$8,766 and \$8,381 in 2024 and 2023, respectively.

The Company has a Claims Administration Agreement with American Claims Management, Inc., effective January 1, 2014, and last amended January 1, 2018, to provide claims handling services, which include investigating, posting reserves, notifying excess carriers, and managing litigation. Under this agreement, the Company incurred service fees of \$3,941 and \$4,850 in 2024 and 2023, respectively.

## **RELATED PARTY AGREEMENTS**

The Company entered into a Warranty Administration Agreement with SHW effective January 1, 2018, and amended on January 1, 2023. SHW provides various services to the Company including, but not limited to, marketing, processing applications, underwriting risks, collecting premiums, administering claims, arranging building inspections, setting building standards, and managing complaint and dispute resolution services in exchange for \$20,000 monthly fee billed to the Company. The Company paid fees to SHW under the agreement totaling \$240,000 for the years ending December 31, 2024, and 2023.

The Company and Four Points entered into an Insurance Producer Agreement with SIS, effective November 1, 2018. SIS is to market and administer the Company's general and excess liability insurance program, including solicitation, binding of risks, policy issuance and cancellation, premium collection, and the appointment of sub-producers. The Company pays SIS a 15% commission for new and renewal direct written business, and 27.5% of new and renewal business written through approved third-party sub-producers. The Company incurred commission fees of \$44,441 and \$66,410 for the years ending December 31, 2024, and 2023 respectively.

The Company entered into a Financial Metrics Support Agreement with SHW, effective December 31, 2023. Beginning with the quarter ending June 30, 2024, SHW is required to ensure the Company maintains the following financial metrics: 1) North Carolina's statutory minimum levels of surplus as regards policyholders of \$1 million; 2) NAIC defined combined ratio levels of 100% or less, not including investment income; and 3) risk-based capital ratios in accordance with the agreement, which includes maintaining a risk-based capital ratio of 300% as of December 31, 2026 and after. The Company shall provide SHW with its calculation of the financial metrics on a quarterly basis, annually in the case of its risk-based capital ratio. If the financial metrics fall below minimum levels, SHW shall pay the Company amounts sufficient for the Company to comply with the required financial metrics within 90 days of the end of each quarter. In December 2024, the Department waived the requirement that SHW ensure the Company maintained a combined ratio of 100% or less as prescribed by this agreement.

## TERRITORY AND PLAN OF OPERATION

The Company writes insurance coverage for other liability exposures of builders arising from major structural defects. The insurance covers ten-year home warranties, with the level of coverage varying in year one, year two, and years three to ten. The Company also provides excess liability coverage and primary liability coverage to its members. The Company has no employees, and its daily operations are managed by a captive manager, SRS, and service providers, some of which are affiliated.

SHW provides marketing and ancillary services to the Company as well as administers the warranty program for new home warranties issued to homebuyers. The liability program is marketed through SIS. The Company writes approximately 89% of its premiums in Texas.

At December 31, 2024, the Company was licensed in North Carolina and registered in the following 45 states and jurisdictions:

Alabama	Alaska	Arizona	Arkansas	California
Colorado	District of Columbia	Florida	Georgia	Hawaii
Idaho	Illinois	Indiana	Iowa	Kansas
Kentucky	Louisiana	Maine	Maryland	Massachusetts
Michigan	Minnesota	Mississippi	Missouri	Montana
Nebraska	Nevada	New Jersey	New Mexico	New York
North Dakota	Ohio	Oklahoma	Oregon	Pennsylvania
South Carolina	South Dakota	Tennessee	Texas	Utah
Virginia	Washington	West Virginia	Wisconsin	Wyoming

## 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 ending December 31, 2024:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Loss
2024	\$22,982,737	\$2,534,787	\$9,165,123	\$6,799,334	(\$863,271)
2023	\$22,469,418	\$2,402,178	\$7,492,385	\$5,267,220	(\$2,068,291)
2022	\$19,965,342	\$2,651,955	\$7,236,325	\$4,701,031	(\$558,039)
2021	\$18,670,037	\$3,451,500	\$6,030,099	\$4,427,065	(\$282,751)
2020	\$17,066,165	\$3,039,917	\$5,673,629	\$3,678,115	(\$438,029)

## 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 reserves and related items for 2024 were reviewed and certified by the Company's Appointed Actuary, Brian LePage, ACAS, MAAA, of SIGMA Actuarial Consulting Group, 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 reserves 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 made a reasonable provision for all unpaid losses and loss adjustment expense obligations of the Company.

## REINSURANCE PROGRAM OVERVIEW

### REINSURANCE CEDED

#### Internal Reinsurance Ceded

The Company has a claims-made excess of loss reinsurance contract with Four Points, effective January 1, 2018, and last amended January 1, 2024, whereby the Company cedes 50% of the risk under warranty, general liability, and excess liability policies in excess of a \$125,000 retention and Four Points accepts a 50% share of the net losses paid up to its share of \$1,875,000 with respect to any one warranty claim made and \$875,000 with respect to any one general or excess liability claim made. The Company ceded premiums totaling approximately \$675,000 and \$605,000 in 2024 and 2023 to Four Points under this contract.

The Company has a stop loss reinsurance contract with Four Points, effective May 1, 2024, whereby the Company cedes losses paid in excess of 80.00% of gross earned premiums up to 86.07% of gross earned premiums to Four Points up to \$425,000. The Company may increase the limit by \$1,100,000 to \$1,525,000. The Company ceded premiums totaling approximately \$1,229,000 and \$0 in 2024 and 2023 to Four Points under this contract. (Refer to Subsequent Events)

#### External Reinsurance Ceded

The Company has a 36-month excess of loss reinsurance contract, negotiated through Howden Specialty, a reinsurance broker, effective January 1, 2024, through January 1, 2027. Under the contract MS Amlin Underwriting Limited ("Amlin") and XL Catlin ("Catlin"), both Lloyd's syndicates, share only 37.5% and 12.5%, for a total of 50% respectively, of the liability underwritten. The remaining 50% of the liability is covered by Four Points under the excess of loss contract described above. Amlin and Catlin are liable for up to 50% of \$875,000 of the ultimate net loss in excess of the Company's retention of \$125,000 for any one claim under warranty policies, general liability, and excess liability up to \$1,000,000. The policyholders of excess commercial general liability policies have a self-insured retention limit of \$1,000,000 for any one claim, subject to the following policy limits:

- Primary or excess commercial general liability policies with a maximum limit of \$1,000,000.
- Warranty policies with a maximum liability limit of \$3,000,000. The Company retains the liability for the ultimate net loss that exceeds \$2,000,000.

The Company ceded premiums totaling approximately \$624,000 to Amlin and \$208,000 to Catlin in 2024 and \$574,000 to Amlin and \$191,000 to Catlin in 2023 under this contract. (Refer to Summary of Significant Findings)

## **FINANCIAL STATEMENTS**

The following financial statements are based on the Annual Statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2024. 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, 2023, are unexamined and are presented for comparative purposes only.

**Golden Insurance Company, a Risk Retention Group**  
**Statement of Admitted Assets**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
Bonds	\$13,529,997	\$10,807,817
Cash, cash equivalents and short-term investments	4,712,440	6,437,039
<b>Total cash and invested assets</b>	<b>18,242,437</b>	<b>17,244,856</b>
Investment income due and accrued	146,115	130,989
Uncollected premiums and agents' balances in course of collection	516,233	563,107
Deferred premiums and agents' balances booked but deferred and not yet due		
Reinsurance recoverable	684,752	196,596
Other reinsurance receivable	382,994	529,289
Federal income tax recoverable	92,382	183,377
Net deferred tax asset	1,697,217	1,513,949
Receivable from parent, subsidiaries, and affiliates	-	1,100,000
Claim administration deposit	488,172	119,365
Deferred acquisition costs	8,038	16,596
Builders' receivables on warranty claims	692,735	831,005
Prepaid assets	31,662	40,289
<b>Total assets</b>	<b>\$22,982,737</b>	<b>\$22,469,418</b>

**Golden Insurance Company, a Risk Retention Group**  
**Statement of Liabilities, Capital and Surplus**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
Losses	\$7,176,984	\$6,514,740
Loss adjustment expenses	2,039,975	1,557,705
Commissions payable, contingent commissions and other similar charges	6,593	4,181
Other expenses	59,785	57,089
Taxes, licenses, and fees	37,024	36,850
Unearned premiums	9,950,241	10,320,101
Ceded reinsurance premiums payable	494,213	105,351
Funds held by company under reinsurance treaties	1,471,223	1,471,223
Retrospective ceded unearned premium	(917,827)	-
Losses payable	129,739	-
<b>Total liabilities</b>	<b>20,447,950</b>	<b>20,067,240</b>
Common capital stock	99,962	99,957
Surplus notes	700,000	700,000
Gross paid in and contributed surplus	5,000,134	3,883,563
Unassigned funds	(3,265,589)	(2,281,342)
Less treasury stock, shares common	(280)	-
<b>Total capital and surplus</b>	<b>2,534,787</b>	<b>2,402,178</b>
<b>Total liabilities, capital, and surplus</b>	<b>\$22,982,737</b>	<b>\$22,469,418</b>

**Golden Insurance Company, a Risk Retention Group**  
**Statement of Operations**  
**December 31, 2024**

	2024	2023 <i>(unexamined)</i>
<b>Underwriting loss</b>		
Premiums earned	\$6,799,334	\$5,267,220
<b>Deductions</b>		
Losses incurred	5,590,844	4,865,328
Loss adjustment expenses incurred	3,556,017	2,703,035
Other underwriting expenses incurred	(149,230)	855,819
Other underwriting	42,267	20,651
Total underwriting deductions	9,039,898	8,444,833
Net underwriting loss	(2,240,564)	(3,177,613)
<b>Investment income</b>		
Net investment income earned	482,264	277,691
Net realized capital gains	-	331,775
Net investment gain	482,264	609,466
<b>Other income</b>		
Income from retroactive reinsurance contract	695,554	-
Change in unrealized loss on equity investment portfolio	-	(255,244)
Total other income (loss)	695,554	(255,244)
Federal and foreign income taxes incurred	(199,475)	(755,100)
<b>Net loss</b>	<b>(\$863,271)</b>	<b>(\$2,068,291)</b>

**Golden Insurance Company, a Risk Retention Group**  
**Statement of Capital and Surplus**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
<b>Capital and surplus, beginning of year</b>	\$2,402,178	\$2,651,955
Capital and surplus increases (decreases):		
Net loss	(863,271)	(2,068,291)
Change in net unrealized capital gains (losses)	(13,774)	45,272
Capital changes paid in	5	6
Surplus adjustments paid in	1,116,571	1,915,662
Change in treasury stock	280	-
Prior year's net audit adjustment	(107,202)	(142,424)
Rounding	-	(2)
<b>Net change in capital and surplus</b>	<b>132,609</b>	<b>(249,777)</b>
<b>Capital and surplus, end of year</b>	<b>\$2,534,787</b>	<b>\$2,402,178</b>

**Golden Insurance Company, a Risk Retention Group**  
**Statement of Cash Flow**  
**December 31, 2024**

	2024	2023 <i>(unexamined)</i>
<b>Cash from operations</b>		
Premiums collected net of reinsurance	\$6,865,210	\$5,975,135
Net investment income	586,563	433,364
Miscellaneous income	824,414	(42,698)
<b>Total</b>	<b>8,276,187</b>	<b>6,365,801</b>
Benefit and loss related payments	5,416,756	3,638,951
Commissions, expenses paid and aggregate write-ins	2,961,502	3,322,901
Federal income taxes paid (recovered)	(110,863)	48,862
<b>Total</b>	<b>8,267,395</b>	<b>7,010,714</b>
<b>Net cash from (used by) operations</b>	<b>8,792</b>	<b>(644,913)</b>
<b>Cash from investments</b>		
Proceeds from investments sold, matured, or repaid	555,000	3,050,595
Cost of investments acquired	3,452,970	1,016,031
<b>Net cash from (used by) investments</b>	<b>(2,897,970)</b>	<b>2,034,564</b>
<b>Cash from financing and miscellaneous sources</b>		
Cash from capital and paid-in surplus	1,116,856	1,915,668
Other cash provided (applied)	47,723	(1,228,505)
<b>Net cash from financing and miscellaneous sources</b>	<b>1,164,579</b>	<b>687,163</b>
<b>Reconciliation of cash, cash equivalents, and short-term investments</b>		
Net change in cash and short-term investments	(1,724,599)	2,076,814
Cash and short-term investments, beginning of year	6,437,039	4,360,225
Cash and short-term investments, end of year	<b>\$4,712,440</b>	<b>\$6,437,039</b>

## 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, which follow modified-General Accepted Accounting Principles.

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

**Bonds:** All held to maturity investments are carried at amortized cost using the effective interest method to the date of maturity. Investments classified as available for sale are carried at fair value.

**Common stocks:** Carried at fair value.

**Cash, cash equivalents and short-term investments:** Carried at fair value. Cash and cash equivalents include demand deposits and money market instruments with maturities of three months or less and short-term investments include 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. The Company recognizes warranty premiums on one one-year products over one year and two-year products are earned over two years on a pro-rata basis. Warranty premiums for 10-year products are to be earned pursuant to the actuarial loss emergence pattern with the assumption that expenses are one-third of the losses and emerge entirely in year one of each 10-year warranty contract. The methodology and the actuarial emergence pattern are approved by the Department. (Refer to Subsequent Events)

**Deferred Policy Acquisition Costs:** Represents deferred short-term policy acquisition costs.

**Reinsurance:** Premiums, commissions, expense reimbursements, and reserves are reported 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 ceded are reported as reductions of those items. Changes to the provision are credited or charged directly to surplus.

**Unpaid loss & loss adjustment expense:** Includes amounts determined from individual case estimates and loss reports and amounts, based on actuarial assumptions and historical data, for losses incurred but not reported. Estimated amounts of reinsurance recoverable are deducted from the reserve for losses and loss adjustment expenses. Due to the nature and terms of the warranty coverage provided, the actuarial estimates of the liability for losses and loss adjustment expenses and unearned premiums at the reporting date are subject to significant variability. Adjustments to these actuarial estimates are reflected in current operations.

## **Reinsurance Activity:**

The Company has various reinsurance contracts 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 Howden Specialty as a reinsurance intermediary to negotiate and obtain excess of loss reinsurance contracts on its behalf.

Direct and ceded premiums written and earned are as follows:

	<b>2024</b>	<b>2023</b>
Direct written	\$9,165,123	\$7,492,385
Ceded written	(2,735,649)	(1,370,532)
<b>Net written</b>	<b>6,429,474</b>	<b>6,121,853</b>
Direct earned	8,921,000	6,637,751
Ceded earned	(2,121,666)	(1,370,532)
<b>Net earned</b>	<b>\$6,799,334</b>	<b>\$5,267,219</b>

The reinsurers share 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:

	<b>2024</b>	<b>2023</b>
<b>Reserves for losses and loss adjustment expenses, beginning of year</b>	<b>\$8,072,445</b>	<b>\$6,155,790</b>
<b>Add:</b>		
Provision for losses and loss adjustment expenses, current year	8,591,494	8,650,038
Change in estimated losses and loss adjustment expenses, prior years	555,368	(1,081,673)
<b>Total incurred</b>	<b>9,146,862</b>	<b>7,568,365</b>
<b>Deduct:</b>		
Losses and loss adjustment expenses paid, current year	(6,726,506)	(2,289,640)
Losses and loss adjustment expenses paid, prior year	(1,275,842)	(3,362,070)
<b>Total paid</b>	<b>(8,002,348)</b>	<b>(5,651,710)</b>
<b>Reserves for losses and loss adjustment expenses, end of year</b>	<b>9,216,959</b>	<b>8,072,445</b>
<b>Increase in reserves for losses and loss adjustment expenses</b>	<b>\$1,144,512</b>	<b>\$1,916,655</b>

The Company does not consider anticipated subrogation recoveries in its reserves.

Reserves for losses and loss adjustment expenses are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2024 and 2023, the liability for losses and loss adjustment expenses was reduced by \$2,067,497 and \$1,691,202, respectively, for amounts to be recovered from reinsurers.

## **Capital and Surplus:**

The following, in conjunction with the Statement of Capital and Surplus, represents the changes since the Department's last examination:

	2022	2021	2020
<b>Capital and surplus, beginning of year</b>	<b>\$3,451,500</b>	<b>\$3,039,917</b>	<b>\$3,094,128</b>
Capital and surplus increases (decreases):			
Net loss	(558,039)	(282,751)	(438,029)
Change in net unrealized capital gains or (loss)	(499,947)	(68,616)	129,096
Change in surplus notes	-	450,000	-
Capital changes paid in	6	6	7
Surplus adjustments paid in	258,434	310,039	254,711
Movement of unrealized loss to other comprehensive income	1	2,905	4
<b>Change in capital and surplus</b>	<b>(799,545)</b>	<b>411,583</b>	<b>(54,211)</b>
<b>Capital and surplus, end of year</b>	<b>\$2,651,955</b>	<b>\$3,451,500</b>	<b>\$3,039,917</b>

## **Surplus Note:**

Surplus Notes impose no restrictions on the Company making distributions to members. The principal sum of its surplus notes is not payable in whole or in part without written approval of the Department.

The Company issued Surplus Notes totaling \$250,000 and \$450,000 to SHW effective December 19, 2018, and December 23, 2021, respectively. Each Surplus Note has a 2% annual, non-compounding interest rate which accrues semiannually, and interest payments made by the Company are subject to the Department's prior approval. On December 31, 2024, the Company reported accrued interest totaling \$57,379 and Surplus Notes totaling \$700,000.

## **SUBSEQUENT EVENTS**

Effective January 1, 2025, the Company entered into a Tax Consolidation Agreement with SHW, whereby the affiliated group intends to file consolidated federal income tax returns. The tax consolidation agreement defines the settlement terms for tax liabilities and benefits among each company included in the tax consolidation agreement. Under this agreement, the provision for federal income tax is computed as if the companies were filing a separate federal income tax return. Benefits, which arise from tax credits and net operating losses, are allocated to those subsidiaries producing such results to the extent they are utilized in the consolidated federal income tax provision. The agreement was submitted to the Department on June 2, 2025, and subsequently approved on November 18, 2025.

On March 31, 2025, the Company was in violation of GS § 58-7-170(a), which requires the Company to maintain liquid assets in an amount that equals its policyholder-related liabilities and its minimum capital and surplus. The Company's liquid assets were deficient by \$2,200,067 as of March 31, 2025.

On May 20, 2025, the Company submitted a Form D filing to renew its stop loss reinsurance contract with Four Points; however, the Company withdrew its Form D filing on July 7, 2025, effectively cancelling the contract.

On June 30, 2025, the Company recorded a premium deficiency reserve totaling \$3,890,484, which was disclosed as an aggregate write-in for liabilities in the Quarterly Statement as of June 30, 2025. At December 31, 2025, the premium deficiency reserve totaled \$6,302,575 in the 2025 Annual Statement.

On June 30, 2025, the Company was in violation of GS § 58-7-170(a), which requires the Company to maintain liquid assets in an amount that equals its entire policyholder-related liabilities and its minimum capital and surplus. The Company's liquid assets were deficient by \$915,584 as of June 30, 2025.

On December 31, 2025, the Company reported capital and surplus totaling \$4,594,583 after the Department approved \$9,401,901 in additional surplus contributions from SHW recorded as follows:

- 1) On May 7, 2025, the Department approved a surplus contribution totaling \$1,401,901 to be recorded as an admitted asset and paid-in capital in the Company's Quarterly Statement as of March 31, 2025.
- 2) On August 13, 2025, the Department approved a surplus contribution totaling \$4 million to be recorded as an admitted asset and paid-in capital in the Company's Quarterly Statement as of June 30, 2025.
- 3) On November 11, 2025, the Department approved a surplus contribution totaling \$1 million to be recorded as an admitted asset and paid-in capital in the Company's Quarterly Statement as of September 30, 2025.
- 4) On December 22, 2025, the Department approved a surplus contribution totaling \$3 million which was recorded as paid-in capital in the Company's Annual Statement as of December 31, 2025.

On April 14, 2026, the Department approved the Company's revised earning pattern for calculating premiums earned and its liability for unearned premiums related to 10-year contractual liability insurance policies beginning on January 1, 2026, and thereafter. In addition, the Department approved the Company's utilization of a 14% expense emergence factor instead of the 33.33% factor previously approved and utilized by the Company. The following table illustrates a comparison between the Company's revised premiums earning pattern effective on January 1, 2026, and the Company's previous premiums earning pattern in effective on December 31, 2025, and in prior years:

Year	1	2	3	4	5	6	7	8	9	10	11
Revised Premiums Earned %	12.63%	15.09%	23.60%	34.82%	46.14%	57.98%	69.47%	79.74%	87.81%	95.44%	100.00%
Previous Premiums Earned %	36.25%	58.75%	72.25%	82.75%	91.75%	94.75%	97.00%	97.75%	98.50%	99.25%	100.00%

**Golden Insurance Company, a Risk Retention Group**  
**DISTRIBUTION OF REPORT ON EXAMINATION**  
**December 31, 2024**

Richard Poling, President  
Golden Insurance Company, a Risk Retention Group  
6825 East Tennessee Avenue, Suite 410  
Denver, Colorado 80224

Aaron Smith, Senior Account Manager  
Strategic Risk Solutions (West) Inc.  
20860 North Tatum Boulevard, Suite 260  
Phoenix, Arizona 85050

## CONCLUSION

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 of the Company during the examination is hereby acknowledged.

Respectfully submitted,



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

May 18, 2026


STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, Chief Financial Examiner with the 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: 5/18/26

Sworn and subscribed before me this 18<sup>th</sup> day of May, 2026.

Notary Public Signature:  Notary Public Seal:

