



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

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

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I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of Jet Insurance Company 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 11th day of June, 2025.



Mike Causey
Commissioner of Insurance

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

Jet Insurance Company

Charlotte, North Carolina

Report on Examination

As of December 31, 2023

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May 14, 2025

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

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 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

Jet Insurance Company

(hereinafter referred to as the “Company”), acknowledging that its main administrative and statutory home office is located at 6701 Carmel Road, Suite 250, Charlotte, North Carolina 28226. 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, 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 Company was as of December 31, 2018.

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

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

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

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

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). BDO USA, LLP of Dallas, Texas, the prior independent public accountant of the Company, issued an unmodified opinion for the years ended December 31, 2019, 2020 and 2021. JLK Rosenberger of Addison, Texas, the currently designated independent public accountant of the Company, issued an unmodified opinion for the years ended December 31, 2022, and 2023.

REPORT ACRONYMS

Board of Directors	“Board”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Information Technology General Controls	“ITGCs”
Information Technology Planning Questionnaire	“ITPQ”
J.E.P. Capital, Inc.	“JEP”
Jet Financial Corp.	“JFC”
Jet Insurance Company	“Company”
Jet Insurance Services, Inc.	“JIS”
Lexington National Insurance Company	“LNIC”
National Association of Insurance Commissioners	“NAIC”
North Carolina Department of Insurance	“Department”
The Bond Exchange, A Wholesale Insurance Agency	“BX”

SUMMARY OF SIGNIFICANT FINDINGS

COMMENTS, RECOMMENDATIONS AND DIRECTIVES

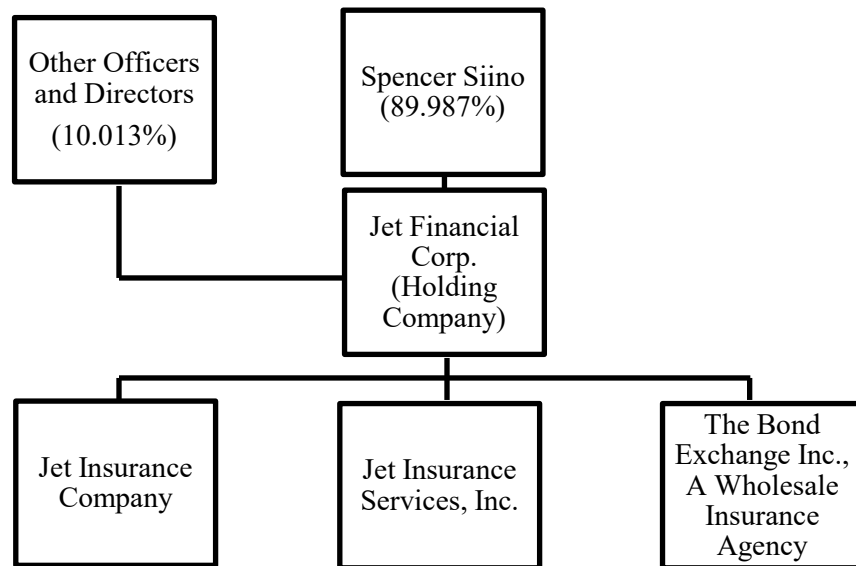
- a. The Company did not maintain any evidence that its investment transactions were authorized or approved by the Board of Directors (“Board”) for the years 2019 through 2023 as required by GS § 58-7-168. The Company is directed to comply with GS § 58-7-168 by maintaining meeting minutes of the Board’s authorization and approval of investments.
- b. The Company did not execute conflict of interest statements from all directors and officers for the years 2021 and 2022. The Company is directed to comply with Title 11 of the North Carolina Administrative Code Chapter 11C.0117.
- c. The Company had fidelity bond coverage of \$175,000, which was less than the recommended range of \$250,000 to \$300,000 at December 31, 2023. We recommend that the Company maintain fidelity bond coverage for no less than the minimum recommended by the NAIC.

ORGANIZATIONAL STRUCTURE

The Company is part of an insurance holding company system as defined in GS § 58-19 and is wholly owned by Jet Financial Corp. (“JFC”), a Delaware corporation. JFC also wholly owns Jet Insurance Services, Inc. (“JIS”), a Delaware corporation and retail insurance agency, and the Bond Exchange Inc., A Wholesale Insurance Agency, (“BX”) a South Dakota corporation. Spencer Siino owns 89.99% of JFC and is considered the Ultimate Controlling Person of the holding company system. The remaining 10.01% ownership interest in JFC is held by eight directors and officers of companies in the holding company system with none of these individuals holding more than 3.06%.

ORGANIZATIONAL CHART

The following is an organizational chart of the Company within the holding company system as of December 31, 2023:



COMPANY HISTORY

The Company was incorporated on June 7, 2018. On June 14, 2018, J.E.P. Capital, Inc. (“JEP”), the Company’s previous parent, capitalized the Company with the purchase of 1,000 shares of common stock for a total price of \$1,000,000. JEP also contributed an additional \$3,000,000 to the Company as paid-in surplus. The Company was licensed by the Department on July 1, 2018.

On August 30, 2018, JEP contributed \$1,000,000 to the Company as paid-in surplus. On September 20, 2018, \$1,500,000 of the Company’s paid-in surplus was transferred to paid-in capital through the issuance of 1,500 shares of the Company’s common stock to JEP to satisfy Texas paid-in capital requirements. On November 6, 2018, JEP contributed \$1,000,000 to the Company as paid-in surplus.

On March 1, 2020, JFC obtained control of the Company through the transfer of 100% ownership of the Company’s 2,500 outstanding shares of common stock from JEP to JFC. All shareholders of JEP became shareholders of JFC with the same ownership percentages at the time of the merger. Effective June 24, 2020, J.E.P. Reinsurance, Inc., an affiliated captive insurer, was dissolved.

On December 14, 2021, JFC purchased an additional 2,500 shares of the Company’s common stock for a total purchase price of \$2,500,000. JFC also contributed \$2,500,000 to the Company as paid-in surplus.

CAPITAL STOCK

As of December 31, 2023, the Company's capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	5,000
Number of shares issued and outstanding	5,000
Total common capital stock	\$5,000,000
Par value per share	\$0

At December 31, 2023, the Company reported \$6,000,000 in gross paid-in and contributed surplus and \$1,598,127 in unassigned funds.

DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the 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 amount in excess of this is considered extraordinary. The Company did not pay any dividends during the examination period.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Shareholders

The Company's bylaws provide that an annual meeting of the shareholders be held prior to the end of the fifth month following the end of each fiscal year of the Company on any day and time determined by the Board. Special meetings of the shareholders may be called by the Board, the Chairperson of the Board, the President, or the holders of shares entitled to cast not less than 10% of the votes at the meeting.

Board of Directors

The business of the Company is conducted by its management team and is subject to review by the Board. The bylaws specify that the number of directors shall consist of three (3) directors. Directors are elected at the annual meeting and each director elected shall hold office for a term of three years.

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

Name	Location	Principal Occupation
Spencer Siino	Dallas, TX	Chairman & Chief Executive Officer of the Company Director of BX and JIS Chief Executive Officer and Director of JFC

Name	Location	Principal Occupation
John Popp	New Albany, OH	President, Chief Operating Officer, Secretary, & General Counsel of the Company Secretary, General Counsel, & Director of BX Director of JIS
David Gonsalves	Waxhaw, NC	President, Secretary, General Counsel and Director of JFC Chief Underwriting Officer of the Company Chief Executive Officer of BX Director of JIS Vice President and Director of JFC

The Board established an Audit Committee to act on behalf of the Company. As of December 31, 2023, the Company's three directors served on the Audit Committee.

Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company shall consist of a president and a secretary. The Board may also elect a chairperson of the Board, one or more vice chairmen, one or more vice presidents, a treasurer, one or more assistant secretaries and assistant treasurers and such additional officers as the Board deems necessary or appropriate. All officers shall hold offices, subject to removal at any time by the Board, until their successors are elected and qualified. Any two or more offices may be held by the same person.

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

Name	Title
Spencer Siino	Chief Executive Officer
John Popp	President, Secretary, and General Counsel
Loren Tama	Chief Financial Officer
David Gonsalves	Chief Underwriting Officer
Joseph Pappalardo	Chief Marketing Officer
Benjamin Woodard	Treasurer
Nick Brady	Vice President, Contract Surety Underwriting
John Pappalardo	Vice President, Direct Distribution
Jackson Cromer	Vice President, Wholesale Distribution
Sadie Giacomelli	Vice President, Digital Marketing

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 the Company did not act in accordance with its policies and procedures for disclosure of conflicts of interest for the years 2021 and 2022. (Refer to the Summary of Significant Findings)

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board and its committee for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events, and that the directors approved of these transactions and events with the exception of the Board's authorization and approval of the Company's investment transactions. (Refer to the Summary of Significant Findings).

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination, and there were no changes to the bylaws. On December 15, 2021, the Company amended its articles of incorporation to require the Company to have a minimum paid-in surplus of \$5,000,000. On November 20, 2023, the Company amended its articles of incorporation to update the address of the registered office and the principal office of the Company. Based on our review, it appears that no other changes to the Company's articles of incorporation were made during the examination period.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The 2023 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state.

ACCOUNTS AND RECORDS

The Company's books and records are maintained at the main administrative office at 6701 Carmel Road, Suite 250, Charlotte, North Carolina 28226.

The Company utilizes information systems to sell products to customers, to establish services, and maintain customer policies, as well as to gather and report financial information. The environment for internal controls over financial reporting is somewhat automated and includes application controls and system generated reports supporting its financial reporting functions. The Company utilizes cloud-based applications where possible.

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 IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by JLK Rosenberger.

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

FIDELITY BONDS AND OTHER INSURANCE

At December 31, 2023, the Company had fidelity bond coverage totaling \$175,000 in aggregate, which was less than the minimum amount of fidelity bond coverage recommended by the Handbook. (Refer to the Summary of Significant Findings)

EMPLOYEE BENEFITS AND PENSION PLANS

The Company is a participating employer in the JFC 401k Plan as a wholly owned subsidiary. Employees of the Company contribute to their 401k accounts out of their payroll. The Company does not make any contributions to such accounts.

THIRD-PARTY ADMINISTRATOR

The Company has a Claims Service Agreement with On-Point Risk Solutions, Inc., a third-party administrator, to provide claims management and other services requested by the Company such as adjusting, tracking, and reporting claims. On-Point Risk Solutions, Inc. is compensated by the Company at hourly rates for services provided and reimbursed for reasonable expenses incurred in performing services. The Company incurred fees under this agreement totaling \$76,587 and \$13,694 in 2023 and 2022, respectively.

RELATED PARTY AGREEMENTS

The Company has a Capital Maintenance Agreement with JFC effective March 2, 2020, whereby JFC agrees that should the Company's net premiums to surplus ratio exceed a threshold of three to one (3:1), JFC will provide sufficient funding to the Company to reduce the ratio to below the 3:1 threshold in accordance with the Department's requirements. Under this agreement, the Company will measure its net premiums to surplus ratio quarterly and within forty-five (45) days from the end of each calendar quarter. JFC will provide the funding required within thirty (30) days thereafter, if necessary.

The Company is included in a consolidated income tax return in accordance with a tax allocation agreement with JFC, JIS, and BX, effective May 14, 2022. The provisions for federal income tax are computed as if each company were filing separate income tax returns. Benefits, which arise from tax credits, and net operating losses are allocated to the companies producing such results to the extent they are utilized in the consolidated income tax provisions. Intercompany tax balances are to be settled no later than thirty (30) days after the filing date of the consolidated income tax return.

The Company has General Agency Agreements with BX and JIS, each effective May 14, 2022, whereby the Company appointed BX and JIS to act on its behalf as general agents for the purpose of producing and underwriting surety and fidelity bond business in North Carolina and additional states as the Company becomes admitted. Under the agreements, BX and JIS charge and collect all premiums due on all bonds issued by BX and JIS, respectively, as well as accounts for and remits all premiums due to the Company. For these services, BX and JIS earn a twenty-five percent (25%) commission on all written premiums by

BX and JIS, respectively. The Company paid BX commissions totaling \$3,681,290 and \$1,198,920 in 2023 and 2022, respectively. The Company paid no commissions to JIS in 2023 and 2022 due to no business being written for the Company under this agreement.

TERRITORY AND PLAN OF OPERATION

The Company is a property and casualty insurer licensed to write fidelity and surety insurance in forty-six (46) states and the District of Columbia. Five states account for approximately 54.2% of the Company's direct premiums written: California (17%), North Carolina (14.8%), Texas (8.6%), Florida (7.4%), and South Carolina (6.4%). The Company distributes its products directly and through two affiliated agencies: BX and JIS, who write approximately 87% of the Company's business.

At December 31, 2023, the Company was licensed in the District of Columbia and the following forty-six (46) states:

Alabama	Alaska	Arizona	Arkansas	California
Colorado	Connecticut	Delaware	Florida	Georgia
Illinois	Indiana	Iowa	Kansas	Kentucky
Louisiana	Maryland	Massachusetts	Michigan	Mississippi
Missouri	Montana	Nebraska	Nevada	New Hampshire
New Jersey	New Mexico	New York	North Carolina	North Dakota
Ohio	Oklahoma	Oregon	Pennsylvania	Rhode Island
South Carolina	South Dakota	Tennessee	Texas	Utah
Vermont	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, 2023:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income (Loss)
2023	\$25,827,402	\$12,598,127	\$16,601,219	\$7,437,182	\$1,153,438
2022	\$15,923,801	\$11,284,605	\$5,267,836	\$2,463,318	\$230,958
2021	\$12,815,721	\$10,980,295	\$1,837,561	\$1,233,316	\$66,087
2020	\$7,000,333	\$5,895,575	\$1,177,220	\$760,421	\$44,579
2019	\$6,454,002	\$5,863,760	\$657,024	\$231,064	\$(133,587)

ACTUARIAL OPINION

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

The statutory reserves and related items for 2023 were reviewed and certified by the Company's Appointed Actuary, Peter S. Rauner, FCAS, MAAA of RMS Solutions, 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

The following table provides a summarized overview of the Company and the reinsurance contracts in effect as of December 31, 2023:

Ceded Contracts:	Assumed Contracts:
1. Small Bond Quota Share – various reinsurers 2. Variable Quota Share – various reinsurers	1. Quota Share – with Lexington National Insurance Company

REINSURANCE CEDED

The Company has a small bond quota share reinsurance contract with Axis Reinsurance Company, Beazley Insurance Company and Arch Reinsurance Company through Gallagher Re, effective October 1, 2022. Under this contract, the Company cedes 20% for surety and fidelity bonds issued less than \$100,000 and 15% for bonds issued between \$100,001 and \$500,000 written between January 1, 2023, and December 31, 2023. The Company ceded 70% for bonds issued less than \$100,000 and 65% for bonds issued between \$100,001 and \$500,000 written between October 1, 2022, and December 31, 2022. The maximum amount ceded under this contract is limited to \$10,000,000 aggregate bonded liability for any one principal. In 2023 and 2022, the Company ceded premiums totaling \$2,742,679 and \$1,095,958, respectively, to the subscribing reinsurers under this contract.

The Company has a variable quota share reinsurance contract with Axis Reinsurance Company, Beazley Insurance Company, Partner Reinsurance Company of the U.S. and Arch Reinsurance Company through Gallagher Re, effective January 1, 2023. Under this contract, the Company cedes between 5% and 85% of its surety and fidelity business based on the size of the bonds written up to \$5,000,000 on any single bond and \$10,000,000 aggregate bonded liability for any one principal. In 2023 and 2022, the Company ceded premiums totaling \$1,841,993 and \$479,808, respectively, to the subscribing reinsurers under this contract.

REINSURANCE ASSUMED

The Company has a quota share reinsurance contract with Lexington National Insurance Company (“LNIC”), effective January 1, 2023, whereby the Company assumes 100% of the net written premium produced by BX and JIS. This contract applies to United States jurisdictions where the Company is not licensed and is unable to write business directly. In 2023, the Company assumed premiums totaling \$3,788,704 from LNIC under this contract.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed with the Department and present the financial condition of the Company for the period ending December 31, 2023. The supporting tables and exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules related to prior years are unexamined and are presented for comparative purposes only.

Jet Insurance Company
Statutory Statement of Admitted Assets
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Bonds	\$23,498,373	\$7,547,647
Cash, cash equivalents, and short-term investments	760,753	8,106,481
Receivable for securities	670,000	-
Total cash and invested assets	24,929,126	15,654,128
Investment income due and accrued	123,354	59,178
Uncollected premiums and agents' balances in course of collection	427,133	86,785
Net deferred tax asset	311,697	115,816
Receivable from parent, subsidiaries, and affiliates	36,092	7,894
Total admitted assets	\$25,827,402	\$15,923,801

Jet Insurance Company
Statutory Statement of Liabilities, Capital and Surplus
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Losses	\$1,099,024	\$487,856
Loss adjustment expenses	194,816	98,895
Commissions payable, contingent commissions and other similar charges	(200,838)	-
Other expenses	150,117	81,526
Taxes, licenses and fees	213,655	72,328
Current federal income taxes	205,781	-
Unearned premiums	7,130,133	2,550,767
Advance premium	517,469	254,890
Ceded reinsurance premiums payable	661,430	600,282
Amounts withheld or retained by Company for account of others	3,248,131	426,324
Payable to parent, subsidiaries and affiliates	9,557	66,328
Total liabilities	13,229,275	4,639,196
Common capital stock	5,000,000	5,000,000
Gross paid in and contributed surplus	6,000,000	6,000,000
Unassigned funds	1,598,127	284,605
Total capital and surplus	12,598,127	11,284,605
Total liabilities, capital, and surplus	\$25,827,402	\$15,923,801

Jet Insurance Company
Statutory Statement of Operations
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Underwriting Income		
Premiums earned	\$7,437,182	\$2,463,318
Deductions		
Losses incurred	922,981	307,905
Loss adjustment expenses incurred	160,304	62,581
Other underwriting expenses incurred	5,497,067	1,906,513
Total underwriting deductions	6,580,352	2,276,999
Net underwriting gain	856,830	186,319
Investment Income		
Net investment income earned	803,720	182,104
Net realized capital gains	-	117
Net investment gain	803,720	182,221
Other Income		
Net gain (loss) from agents' or premium balances charged off	(2,187)	(273)
Finance and service charges not included in premiums	47,594	-
Credit card rebates	5,342	-
Total other income (loss)	50,749	(273)
Federal income taxes incurred	557,861	137,309
Net Income	\$1,153,438	\$230,958

Jet Insurance Company
Statutory Statement of Capital and Surplus
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Capital and surplus, beginning of year	\$11,284,605	\$10,980,289
Capital and surplus increases (decreases):		
Net income	1,153,438	230,958
Change in net deferred income tax	195,880	59,624
Change in non-admitted assets	(35,795)	13,722
Prior period adjustment due to rounding errors	-	12
Net change in capital and surplus	1,313,523	304,316
Capital and surplus, end of year	\$12,598,127	\$11,284,605

Jet Insurance Company
Statutory Statement of Cash Flow
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Cash from Operations		
Premiums collected net of reinsurance	\$11,999,927	\$4,471,641
Net investment income	438,775	87,076
Miscellaneous income	50,749	(273)
Total	12,489,451	4,558,444
Benefit and loss related payments	311,813	88,617
Commissions, expenses paid and aggregate write-ins	5,552,369	1,834,307
Federal income taxes paid	352,079	137,323
Total	6,216,261	2,060,247
Net cash from operations	6,273,190	2,498,197
Cash used by investments		
Proceeds from investments sold, matured, or repaid	2,445,000	6,600,148
Cost of investments acquired	18,764,959	12,592,847
Net cash used by investments	(16,319,959)	(5,992,699)
Cash from financing and miscellaneous sources		
Other cash provided	2,701,041	797,311
Net cash from financing and miscellaneous sources	2,701,041	797,311
Reconciliation of cash, cash equivalents and short-term investments		
Net change in cash, cash equivalents and short-term investments	(7,345,728)	(2,697,192)
Cash, cash equivalents and short-term investments, beginning of year	8,106,481	10,803,673
Cash, cash equivalents and short-term investments, end of year	\$760,753	\$8,106,481

COMMENTS ON FINANCIAL STATEMENTS

Basis of Presentation and Summary of Significant Accounting Policies:

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

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

Bonds: Bonds with an NAIC rating of one or two are carried at amortized cost, whereas bonds with an NAIC rating of three through six are carried at the lesser of amortized cost or fair value.

Cash equivalents: Cash equivalents include cash and highly liquid short-term investments, with original maturities of three months or less. Short-term investments include bonds with maturities of less than one year from the date of acquisition.

Premiums: Premiums, net of reinsurance, are earned on a pro rata basis over the terms of the related bonds and reinsurance contracts. Unearned premium reserves represent the portion of the premiums applicable to the unexpired term of bonds in force, net of ceded reinsurance premiums.

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 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.

Non-admitted assets: Certain assets, such as premiums over 90 days past due, electronic data processing equipment and software, furniture and equipment and prepaid expenses, are “non-admitted” and are charges against surplus.

Unpaid loss & loss adjustment expense: Includes an amount for losses incurred but not reported. Such liabilities are based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

Analysis of Assets:

The Company reported the following assets as non-admitted at December 31, 2023: 1) Electronic data processing equipment and software totaling \$3,873, 2) Furniture and equipment totaling \$30,989, 3) Prepaid expenses totaling \$9,814 and 4) Security deposit totaling \$15,710.

Reinsurance Activity:

The Company has two quota share 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 Gallagher Re as a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct, assumed, and ceded premiums written and earned are as follows:

	2023	2022
Direct and assumed written	\$16,601,219	\$5,267,836
Ceded written	4,584,672	1,575,766
Net written	12,016,547	3,692,070
Direct and assumed earned	10,517,138	2,807,542
Ceded earned	3,079,956	344,223
Net earned	\$7,437,182	\$2,463,319

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:

	2023	2022
Reserves for losses and loss adjustment expenses, beginning of year	\$586,751	\$316,764
Add:		
Provision for losses and loss adjustment expenses, current year	1,321,000	370,010
Change in estimated losses and loss adjustment expenses, prior years	(237,715)	(496)
Total incurred	1,083,285	370,486
Deduct:		
Losses and loss adjustment expenses paid, current year	359,000	99,863
Losses and loss adjustment expenses paid, prior year	17,196	636
Total paid	376,196	100,499
Reserves for losses and loss adjustment expenses, end of year	1,293,840	586,751
Increase in reserves for losses and loss adjustment expenses	\$707,089	\$269,987

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, 2023, and 2022, the liability for losses and loss adjustment expenses was reduced by \$408,604 and \$68,104, respectively, for amounts to be recovered from reinsurers.

Capital and Surplus:

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

	2021	2020	2019
Capital and surplus, beginning of year	\$5,895,575	\$5,863,760	\$5,944,398
Capital and surplus increases (decreases):			
Net income (loss)	66,087	44,579	(133,587)
Change in net unrealized capital gain (loss)	(2,394)	(12,937)	19,409
Change in net deferred income tax	21,021	173	33,540
Change in paid-in capital	2,500,000	-	-
Surplus adjustments to paid-in capital	2,500,000	-	-
Change in capital and surplus as regards policyholders for the year	5,084,714	31,815	(80,638)
Capital and surplus, end of year	\$10,980,289	\$5,895,575	\$5,863,760

Lease Commitments

Effective October 23, 2023, the Company entered into a non-cancelable lease agreement for its corporate office in Dallas, Texas, which will expire on April 30, 2029. The Company incurred rental expenses totaling \$59,783 and \$49,874 for the years ended December 31, 2023, and 2022, respectively.

At December 31, 2023, the future minimum annual lease payments under the agreement were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$112,004
2025	\$140,607
2026	\$142,094
2027	\$144,007
2028	\$145,919
<u>Thereafter</u>	<u>\$ 48,852</u>
Total	\$733,483

SUBSEQUENT EVENTS

On January 9, 2024, the Company became licensed in Idaho.

On March 4, 2024, the Company became licensed in Hawaii.

On March 29, 2024, the Company became licensed in Maine.

On April 18, 2024, the Company became licensed in Minnesota.

On May 17, 2024, the Company paid an ordinary cash dividend totaling \$550,000 to JFC, for which the Department provided no objection on May 8, 2024.

On June 7, 2024, On Point Risk Solutions, LLC terminated its Claims Service Agreement with the Company, and the Company brought its claims handling processes in-house.

On August 12, 2024, with the Department's approval, the Company amended its General Agency Agreement with BX to increase the commission rate from 25% to 50%.

On August 16, 2024, the Company obtained a Certificate of Authority from the United States Department of Treasury to issue federal surety bonds.

On October 8, 2024, the Company entered into a mid-term quota share reinsurance contract with Nationwide Mutual Insurance Company effective July 1, 2024, whereby the Company shall cede a percentage of all bonds written and issued by BX to Nationwide Mutual Insurance Company. The Company's cession percentage may be between 5% and 65% based on policy limits.

On October 24, 2024, the Company entered into a Facultative Excess of Loss Reinsurance Contract with LNIC effective October 16, 2024, whereby the Company shall reinsure LNIC's liability exceeding its treasury limit, totaling \$1,999,000, up to the Company's treasury limit of \$1,260,000 on individually agreed upon bonds.

On February 4, 2025, with the Department's approval, the Company amended its General Agency Agreement with JIS to increase the commission rate from 25% to 50%.

On April 1, 2025, the Company assigned its interest in the lease for its corporate office in Dallas, Texas to JFC, and as of that date, JFC assumed the Company's future minimum annual lease payments under the lease agreement.

Jet Insurance Company
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2023

John Popp, President and Secretary
6701 Carmel Road
Charlotte, North Carolina 28226

Loren Tama, Chief Financial Officer
6701 Carmel Road
Charlotte, North Carolina 28226

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 § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$1,000,000 and \$250,000, respectively.

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

Respectfully submitted,



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

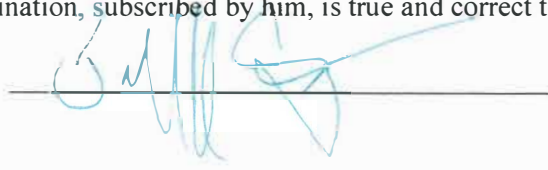
May 14, 2025

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, 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:

5/14/2025

Sworn and subscribed before me this 14 day of May, 2025.

Notary Public Signature:



Notary Public Seal:

