



Government of the District of Columbia
Muriel Bowser, Mayor
Department of Insurance, Securities and Banking



Chester A. McPherson
Acting Commissioner

**BEFORE THE
INSURANCE COMMISSIONER OF
THE DISTRICT OF COLUMBIA**

Re: Report on Examination – **ProBuilders Specialty Insurance Company, RRG** as of
December 31, 2013

ORDER

An Examination of **ProBuilders Specialty Insurance Company, RRG** as of December 31, 2013 has been conducted by the District of Columbia Department of Insurance, Securities and Banking (“the Department”).

It is hereby ordered on this Eleventh day of June, 2015, that the attached financial condition examination report be adopted and filed as an official record of this Department.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, this Order is considered a final administrative decision and may be appealed pursuant to Section 31-4332 of the D.C. Official Code.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the Department will continue to hold the content of the report as private and confidential information for a period of 10 days from the date of this Order.

Chester A. McPherson
Acting Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING



REPORT ON EXAMINATION

PROBUILDERS SPECIALTY INSURANCE
COMPANY, RRG

AS OF

DECEMBER 31, 2013

NAIC COMPANY CODE 11671

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Washington, D.C.
April 20, 2015

Honorable Chester A. McPherson
Acting Commissioner
Department of Insurance, Securities and Banking
Government of the District of Columbia
810 First Street, NE, Suite 701
Washington, D.C. 20002

Dear Acting Commissioner McPherson:

In accordance with Section 31-3931.14 of the District of Columbia Official Code, we have examined the financial condition and activities of

ProBuilders Specialty Insurance Company, RRG

hereinafter referred to as the “Company” or “ProBuilders”, at the office of its captive and program manager NBIS Construction and Transport Insurance Services, Inc. (CTIS) located at 2859 Paces Ferry Road SE, Atlanta, Georgia.

SCOPE OF EXAMINATION

This full-scope examination, covering the period from January 1, 2009 through December 31, 2013, including any material transactions and/or events noted occurring subsequent to December 31, 2013, was conducted by the District of Columbia Department of Insurance, Securities and Banking (the Department).

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (Handbook) and policies and standards established by the Department. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation, management’s compliance with applicable accounting principles, annual statement instructions, and compliance with domestic jurisdiction laws and regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. In addition, our examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting our examination we gave consideration to the concepts of materiality and risk, and our examination efforts were directed accordingly.

The Company was audited annually by an independent public accounting firm. The firm expressed unqualified opinions on the Company's financial statements for the calendar years 2009 through 2013. We placed substantial reliance on the audited financial statements for the calendar years 2009 through 2012, and consequently performed only minimal testing for those periods. We concentrated our examination efforts on the year ended December 31, 2013. We obtained and reviewed the working papers prepared by the independent public accounting firm related to the audit for the year ended December 31, 2013. We placed reliance on the work of the auditor and directed our efforts, to the extent practical, to those areas not covered by the firm's work papers.

SUMMARY OF SIGNIFICANT FINDINGS

The results of this examination disclosed no material adverse findings, significant non-compliance findings, or material changes in financial statements.

STATUS OF PRIOR EXAMINATION FINDINGS

A full scope financial examination was conducted by the Department as of December 31, 2008, which covered the period January 1, 2006 through December 31, 2008. In the report on the prior examination, dated June 23, 2010, the Department noted several exception conditions and related recommendations. Our current examination included a review to determine the current status of the recommendations in the prior exam report, and determined that the Company had satisfactorily addressed these recommendations.

SUBSEQUENT EVENTS

In June 2014, subsequent to the period under examination, Catalina Holdings (Bermuda), Ltd. ("Catalina"), a Bermuda registered and domiciled company, filed with the Department a Form A Statement ("Form A") regarding its proposed indirect acquisition of control of ProBuilders. Control was proposed to be acquired by changing the manager of the Company from CTIS to Residential Loss Control Holdings, LLC ("RLCH"). RLCH is a member of the Catalina group. In addition, the officers and directors of ProBuilders would be changed upon approval of the Form A.

According to the Form A, the Company will continue to run-off its existing business post-acquisition and there are no current plans to liquidate the Company, sell its assets, or consolidate or merge it with any person, or make any other material change in its business or corporate structure or management that are not disclosed in the Form A that would be unfair or unreasonable to its policyholders or not in the public interest. Additionally, in conjunction with the Form A, a transaction was proposed under which all reserves previously ceded by ProBuilders to NBIC would be novated to Catalina.

In December 2014, the Department approved the proposed acquisition, including the novation of ProBuilders' reserves previously ceded to NBIC. The acquisition and related transactions were completed in 2015.

Effective February 2, 2015, Ned N. Fleming III resigned as a board member and as President of ProBuilders, William C. Tepe resigned as Chief Financial Officer and Treasurer and Arthur P. Kirkner resigned as Vice President and Assistant Secretary.

Effective February 3, 2015, the following were appointed as officers of ProBuilders:

- John F. Svoboda – President and Chairman of the Board*
- Hugh B. McCreery – Chief Financial Officer and Treasurer
- Larry E. Martin – Vice President
- Glenn G. Cleek - Secretary

*John Svoboda was also named to the board of directors of ProBuilders.

HISTORY

General:

ProBuilders commenced business February 5, 2002 as a Nevada-domiciled RRG using the name Builders and Contractors Insurance Company, RRG. The Company changed its name to ProBuilders in late 2003 and re-domesticated to the District of Columbia on May 10, 2004. The Company is now organized as an association stock captive insurance company under the captive laws of the District of Columbia, operating as a risk retention group.

ProBuilders ceased writing new business on December 31, 2009 and ceased writing renewal business as of March 1, 2010. The Company provided liability insurance coverage to contractors, subcontractors, developers and other members of the construction industry. The Company is currently in voluntary run-off.

The Company currently maintains a home office in the District of Columbia, and maintained an administrative office in Atlanta, Georgia until February 9, 2015 (See "Subsequent Events" section of this report) when the administrative offices were transitioned to Denver, Colorado. ProBuilders operations were managed by NBIS Construction and Transport Insurance Services, Inc. ("CTIS"), until February 9, 2015 and by RLCH subsequently.

Capital Stock:

The Company is authorized to issue two classes of stock in accordance with the Company's articles of incorporation: common stock with \$1 par value per share, and preferred stock with \$1 par value per share. All common stockholders are entitled to one vote per outstanding share and have rights to dividends and distributions. As of December 31, 2013, 1,000,000 common shares

were authorized and 97,651 shares were issued and outstanding. No preferred shares were issued and outstanding as of December 31, 2013.

Prior to July 1, 2005, policyholders were assessed subscription fees equal to 10 percent of the annual premium. Shareholders were entitled to redeem their shares based on a stated redemption formula. Upon cancellation or expiration of continuous coverage, policyholder shares were cancelled and the vested value was recorded as a liability by the Company and as a reduction in paid in capital. During 2008 and 2007, the Company redeemed 17,217 and 17,130 shares of common stock, respectively. In 2008, the Company paid out \$5,401,843 related to these share redemptions, and reported a liability for \$10,472,048 for accrued shareholder redemptions as of December 31, 2008.

ProBuilders suspended all redemption payments in 2009 after requesting guidance from the Department regarding payment and recording of these redemptions. In a letter dated May 12, 2009 from the Department, the Company was notified that it does not have authority to further redeem any policyholder shares until approved by the Department in writing. Since prior approval must be obtained from the Department before ProBuilders can redeem policyholder shares, the Company has no liability to its former shareholders until such time as the Company receives written approval from the Department to redeem the shares. Per the Department's instructions, ProBuilders ceased redeeming shares in 2009 and the existing redemption liability was transferred to surplus at the direction of the Department.

As of July 1, 2005, the Company's amended subscription and shareholder agreement required all new policyholders to pay a subscription fee of \$250 if the original gross premium for the policy was \$10,000 or less, or \$500 if the original gross premium for the policy was more than \$10,000. The subscription fees were due concurrently with the initial premium payment for the policy. The number of shares issued was determined by dividing the subscription fee paid by the adjusted book value per share as of the last day of the calendar quarter immediately preceding the policy's inception date. As of July 1, 2005, new shareholders have no redemption rights however the Company maintains the right to redeem shares at its discretion.

Dividends and Distributions:

The Company did not declare or pay any dividends or other distributions during the period under examination.

MANAGEMENT

Board of Directors:

The following persons were serving as the Company's directors as of December 31, 2013:

<u>Name and Address</u>	<u>Principal Occupation</u>
Ned N. Fleming, III Dallas, Texas	Managing Partner, SunTx Capital Partners
Charles L. Spinelli Rancho Mirage, California	Owner – Spinelli Homes
Mark C. Heald Turlock, California	CFO – JKB Energy
Deborah J. White Santa Rosa, California	Operations Manager – BKW Concrete

Officers:

The following persons were serving as the Company’s officers as of December 31, 2013:

<u>Name</u>	<u>Position</u>
Ned N. Fleming, III	President
William C. Tepe	CFO/Treasurer
Arthur P. Kirkner	Vice President/Assistant Secretary
Jason L. Jelen	Vice President
Robert C. Moore	Chief Legal Officer/Secretary

Committees:

As of December 31, 2013, the Company’s board of directors had established the following committees:

<u>Audit Committee</u>	<u>Investment Committee</u>
Mark C. Heald, Chairman	Philip Halpern, Chairman
Charles L. Spinelli	Andrew Rudd
	Jason L. Jelen
	William C. Tepe – non voting

Conflicts of Interest:

The Company has an established procedure for the disclosure of any material interest or affiliation on the part of its officers and key management personnel. Specifically, officers and directors of the Company annually executed conflict of interest statements which were completed under the name of the Company’s holding company, NationsBuilders Insurance Services, Inc. (NBIS) and subsidiaries. Our review of the NBIS conflict of interest statements signed by the Company’s directors and officers for the period under examination disclosed that there were no conflicts of interest reported that would adversely impact the Company. Furthermore, no additional conflicts of interest were identified during our examination.

Corporate Records:

We reviewed the minutes of the meetings of the board of directors and shareholders for the period under examination. Based on our review, it appears that the minutes documented the review and approval of the Company's significant transactions and events.

CAPTIVE MANAGER

CTIS acted as the Company's captive manager and program manager until February 9, 2015. This function entails managing the Company's daily business operations and providing all services including regulatory compliance and financial reporting services, policyholder and administrative services, reinsurance services, claim administration, investment and accounting services.

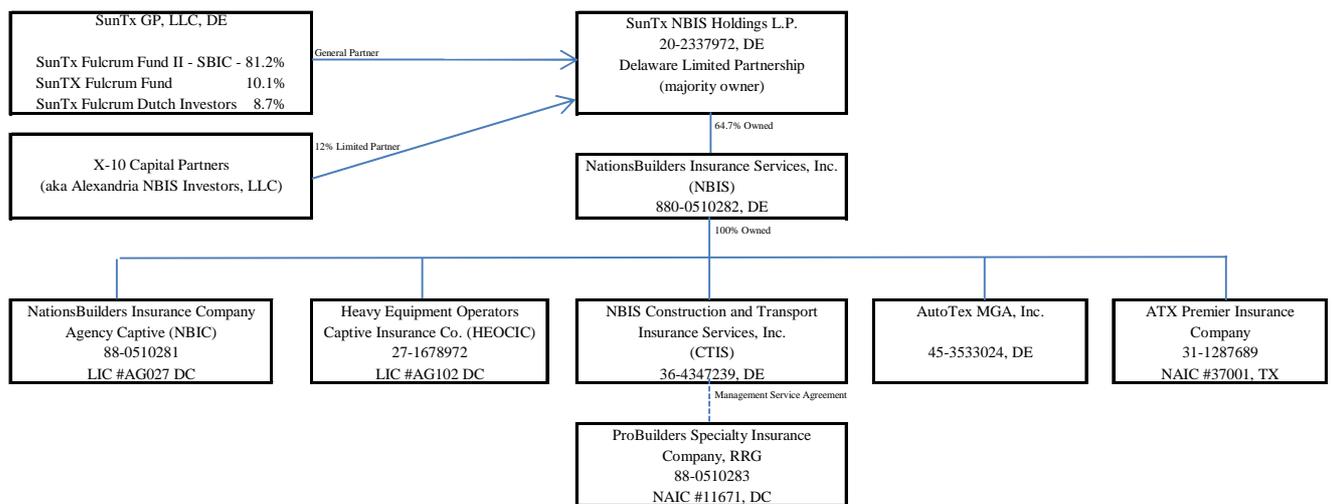
AFFILIATED PARTIES AND TRANSACTIONS

The Company's policyholders are the owners of the Company but through common control with other companies in the NBIS Group, the Company is a member of the NBIS holding company group. The officers of ProBuilders include the Chairman of the Board of NBIS, as well as other employees of NBIS.

ProBuilders' manager, CTIS, is majority owned by NBIS, which is majority owned by SunTx NBIS Holdings L.P., managed by its general partner SunTx GP LLC, a private equity fund manager based in Dallas, Texas. The minority owners of NBIS are individual investors, many of who are insurance producers who placed business with ProBuilders. NBIS owns 100 percent of the stock of NationsBuilders Insurance Company (NBIC), a District of Columbia stock property and casualty insurance company, which reinsurers a quota share portion of the risk under policies issued by ProBuilders. NBIS also wholly owns Heavy Equipment Operators Captive Insurance Company ("HEOCIC"), a District of Columbia agency captive insurer formed in 2009. HEOCIC has not commenced business and is currently inactive.

The ultimate controlling person in the insurance holding company system is Ned N. Fleming, III. Mr. Fleming is general partner of SunTx NBIS Holdings, L.P. and CEO and chairman of the board of directors of NBIS. He is president and chairman of the board of directors of CTIS. He is also chairman of the board of directors of ProBuilders and NBIC.

The NBIS holding company structure is depicted in the following chart:



There are no employees of the Company. All personnel, management and administrative services are provided to the Company by affiliates under various intercompany agreements. In addition, the Company cedes business to NBIC, which is an affiliated company. See the “Reinsurance” section of this report for further comments regarding the Company’s reinsurance arrangements with NBIC.

The Company has entered into the following intercompany agreements:

Management and Underwriting Agreement

Effective February 1, 2002 the Company entered into a management and underwriting agreement with NBIS. The agreement was assigned to CTIS as of April 1, 2007. Under the terms of the agreement, CTIS is appointed as the Company’s operations, administrative, financial, investment and underwriting manager. In return for services provided by CTIS, the agreement required the Company to pay 15 percent of gross written premiums to CTIS. ProBuilders modified the agreement effective January 1, 2011 by replacing the 15 percent of gross written premiums fee with an annual fixed management fee of \$400,000 for the day-to-day operation of ProBuilders. The agreement was submitted to and approved by the Department.

Claims Service Agreement

Effective February 1, 2002 the Company entered into a claims service agreement with Claims Adjusting Services, Inc. The agreement was assigned to CTIS in December 2008. Under the terms of the agreement, CTIS is delegated claims adjustment authority for all claims on Company policies. Fees for these services are charged to the Company based on contractual rates. The agreement was submitted to and approved by the Department.

FIDELITY BOND AND OTHER INSURANCE

ProBuilders has no employees and is a named insured on a directors and officers liability policy issued to NBIS with a \$5 million aggregate limit. The Company's captive manager and program manager, CTIS is insured through its parent company, NBIS. This policy includes fiduciary liability and employment practices liability coverage for \$2 million and exceeded the NAIC recommended fidelity bond coverage. NBIS also maintains a management liability policy with a \$10 million aggregate limit, and also has other policies that cover directors & officers, commercial property, employee dishonesty and information security.

PENSION AND INSURANCE PLANS

The Company has no employees and therefore has no employee pension or insurance plans.

STATUTORY DEPOSITS

As of December 31, 2013, the Company did not have any statutory deposits in the District of Columbia and was not required to maintain any such deposits. In addition, the Company was not required to maintain statutory deposits with any other jurisdictions.

TERRITORY AND PLAN OF OPERATION

ProBuilders ceased writing new business on December 31, 2009 and ceased writing renewal business as of March 1, 2010. The Company provided comprehensive general liability insurance to small to medium size builders and sub-contractors, primarily involved in residential construction and predominately in the western states. The Company is licensed as an association captive insurance company in the District of Columbia, operating as a risk retention group. As of December 31, 2013 the Company was registered in all fifty states and is in voluntary run-off.

The Company has no employees and its daily business operations were managed by its affiliate, CTIS until February 9, 2015, and by RLCH subsequently.

REINSURANCE

From inception through December 31, 2010, the Company was party to a number of ceded reinsurance treaties. As of December 31, 2013, the Company was not actively writing business and had no ceded premiums during 2013.

Effective December 31, 2009, the Department approved a coinsurance transaction under which the Company ceded 100 percent of its remaining net loss and loss adjustment expense reserve liabilities to its affiliate, NBIC, under a loss portfolio transfer ("LPT") agreement. As a result of the transaction, the Company transferred \$46.7 million in loss reserves and \$64.3

million in investments to NBIC. The difference between the net reserves ceded and investments transferred resulted in a loss for the Company. The agreement was submitted to and approved by the Department. Under Generally Accepted Accounting Principles, ProBuilders continues to report the net remaining reserves ceded to NBIC and also reports an offsetting asset reflecting the remaining reserves ceded in the LPT. These liability and asset amounts may differ slightly due to the development of the reserves ceded in the transaction.

ACCOUNTS AND RECORDS

The Company's statutory home office is located in the District of Columbia. The Company's general accounting books and records are maintained by CTIS which is located in Atlanta, Georgia. The general ledger and premium accounting systems are maintained on a packaged software system and spreadsheets are used to maintain certain loss reserve and reinsurance data. Our examination did not disclose any significant deficiencies with these records.

FINANCIAL STATEMENTS

The following financial statements, prepared in accordance with accounting practices generally accepted in the United States (“GAAP”), reflect the financial condition of the Company as of December 31, 2013, as determined by this examination:

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The accompanying Notes to Financial Statements are an integral part of these Financial Statements.

BALANCE SHEET

ASSETS

	<i>December 31, 2013</i>
Bonds	\$ 11,546,293
Cash (\$1,206,740) and short-term investments (\$2,570,445) (Note 1)	<u>3,777,185</u>
Subtotals, cash and invested assets	<u>15,323,478</u>
Investment income due and accrued	77,565
Amounts recoverable from reinsurers	1,418,791
Reserves ceded in loss portfolio transfer	24,309,192
Other assets	<u>35,031</u>
Total	<u>\$ 41,164,057</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

	<i>December 31, 2013</i>
Losses (Note 2)	\$ 11,276,545
Loss adjustment expenses (Note 2)	12,652,108
Other expenses (excluding taxes, and foreign income taxes)	98,421
Taxes, licenses and fees (excluding federal and foreign income taxes)	25,170
Ceded reinsurance premiums payable (net of ceding commissions)	20,425
Funds held by company under reinsurance treaties	3,106,862
Payable to parent, subsidiaries and affiliates	354,529
Unclaimed property - escheat	<u>10,296</u>
Total liabilities	<u>\$ 27,544,356</u>
Common capital stock	97,651
Gross paid in and contributed surplus	17,880,122
Unassigned funds (surplus)	<u>(4,358,072)</u>
Surplus as regards policyholders	\$ 13,619,701
Total	<u>\$ 41,164,057</u>

STATEMENT OF INCOME

	<i>2013</i>
DEDUCTIONS	
Losses incurred	\$ (3,392,867)
Loss adjustment expenses incurred	(607,548)
Other underwriting expenses	672,890
Contractual reinsurance underwriting expense	35,587
Change in reserves ceded in loss portfolio transfer	<u>4,000,415</u>
Total underwriting deductions	<u>708,477</u>
INVESTMENT INCOME	
Net investment income earned	214,789
Net realized capital gains	<u>13,918</u>
Net investment gain	<u>228,707</u>
OTHER INCOME	
Net gain from agents' or premium balances charged off	<u>87,564</u>
Net loss before dividends and taxes	(392,206)
Federal income taxes incurred	86,255
Net loss	<u><u>\$ (478,461)</u></u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as of December 31, 2008	\$ 14,429,786
Net loss, 2009	(10,388,794)
Net unrealized capital gains	756,389
Capital changes paid in	10,953,160
Correction of prior year impairment	196,386
Net change in surplus for the period ended December 31, 2009	<u>1,517,141</u>
Surplus as of December 31, 2009	<u>\$ 15,946,927</u>
Net loss, 2010	(774,355)
Net unrealized capital losses	(22,688)
Capital changes paid in	149
Surplus adjustments paid in	24,351
Net change in surplus for the period ended December 31, 2010	<u>(772,543)</u>
Surplus as of December 31, 2010	<u>\$ 15,174,384</u>
Net loss, 2011	(650,009)
Net unrealized capital gains	95,104
Capital changes paid in	458
Surplus adjustments paid in	(458)
Correction of prior year taxes	(3,855)
Net change in surplus for the period ended December 31, 2011	<u>(558,760)</u>
Surplus as of December 31, 2011	<u>\$ 14,615,624</u>
Net loss, 2012	(388,855)
Net unrealized capital gains	38,834
Net change in surplus for the period ended December 31, 2012	<u>(350,021)</u>
Surplus as of December 31, 2012	<u>\$ 14,265,603</u>
Net loss, 2013	(478,461)
Net unrealized capital losses	(167,441)
Net change in surplus for the period ended December 31, 2013	<u>(645,902)</u>
Surplus as of December 31, 2013	<u>\$ 13,619,701</u>

ANALYSIS OF EXAMINATION CHANGES TO SURPLUS

There were no changes to the Company's surplus as a result of our examination.

COMPARATIVE FINANCIAL POSITION OF THE COMPANY

The comparative financial position of the Company for the periods under examination is as follows:

	2013	2012	2011	2010	2009
Assets	\$41,164,057	\$50,131,409	\$147,706,100	\$166,078,776	\$186,040,597
Liabilities	27,544,356	35,865,806	133,090,476	150,904,392	170,093,670
Capital and surplus	13,619,701	14,265,603	14,615,624	15,174,384	15,946,927
Net written premium	-	-	342,869	1,627,846	11,160,946
Net earned premium	-	2,643	146,073	1,745,338	3,194,363
Net investment income	228,707	285,182	406,052	349,601	6,250,829
Net loss	\$(478,461)	\$(388,855)	\$(650,009)	\$(774,355)	\$(10,388,794)

Note:

Amounts in the preceding financial statements for the years ended December 31, 2009 through 2012 were taken from the Company's Annual Statements as filed with the Department. Amounts for the year ended December 31, 2013 are amounts per examination.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Cash:

As of December 31, 2013, the Company reported “Cash” totaling \$1,206,740; \$1,153,445 of which was held in a single institution. This balance exceeded the amount insured by the Federal Deposit Insurance Corporation (“FDIC”). The financial stability of financial institutions in which amounts in excess of FDIC limits are held is periodically assessed, and management believes there is not a significant risk to the Company as a result of the cash held in this institution.

NOTE 2 – Losses and Loss Adjustment Expenses Reserves:

The Company reported “Losses” and “Loss adjustment expenses” reserves totaling \$11,276,545 and \$12,652,108, respectively. These reserves represent management’s best estimate of the amounts necessary to pay all claims and related expenses that have been incurred but are still unpaid as of December 31, 2013. As indicated in the “Reinsurance” section of this report, these amounts are ceded to the Company’s affiliate, NBIC, and are offset by the asset “Reserves ceded in loss portfolio transfer”.

The methodologies utilized by the Company to compute reserves, and the adequacy of the loss and loss adjustment expenses reserves as of December 31, 2013, were reviewed as part of the examination. As part of our review, we relied on the Company’s independent actuary, who concluded that the Company’s carried loss and loss adjustment expense reserves appeared to be sufficient. In addition, as part of our review of the Company’s loss and loss adjustment expenses reserves, we contracted an independent actuary to review the methods employed, assumptions relied upon, and conclusions reached by the Company’s independent actuary. The contracted independent actuary utilized in our examination concluded that the methods employed, assumptions relied upon, and conclusions reached by the Company’s independent actuary appeared reasonable.

COMMENTS AND RECOMMENDATIONS

During the examination, no issues warranting comments or recommendations in this examination report were noted.

CONCLUSION

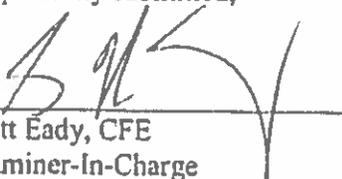
Based on our examination, the accompanying balance sheet properly presents the financial position of the Company at December 31, 2013, and the accompanying statement of income properly presents the results of operations for the period then ended.

Chapter 39 ("CAPTIVE INSURANCE COMPANIES") of Title 31 ("Insurance and Securities") of the D.C. Official Code specifies the level of capital and surplus required for the Company. We conclude that the Company's capital and surplus funds exceeded the minimum requirements during the period under examination.

SIGNATURES

In addition to the undersigned, the actuarial portion of this examination was completed by Alan Kaliski, FCAS, MAAA, of AGI Services.

Respectfully submitted,



Scott Eady, CFE
Examiner-In-Charge
AGI Services

Under the Supervision of,



John Humphries, CFE
Supervising Examiner
AGI Services

and



David Schleit, CFE
Supervising Examiner
District of Columbia Department of Insurance,
Securities and Banking



Government of the District of Columbia
Muriel Bowser, Mayor
Department of Insurance, Securities and Banking



Chester A. McPherson
Acting Commissioner

May 29, 2015

John F. Svoboda
President
ProBuilders Specialty Insurance Company, RRG
C/o Residential Loss Control Holdings, LLC
One Denver Highlands
10375 East Harvard Avenue, Suite 550
Denver, CO 80231

RE: Examination of **ProBuilders Specialty Insurance Company, RRG** as of December 31, 2013

Dear Mr. Svoboda:

Pursuant to the provisions of Section 31-1404 of the D.C. Official Code, enclosed is a draft copy of the Report on Examination (“Report”) of the affairs and financial condition of ProBuilders Specialty Insurance Company, RRG (“Company”) as of December 31, 2013.

Please submit, to my attention, a written response calling attention to any errors or omissions. In addition, if this Report on Examination contains a section entitled “Comments and Recommendations” that discloses certain areas requiring action, the Company shall submit a statement covering the corrective measures which will be taken. If the Company’s position on any of these points is contrary to the Examiner’s findings, an explanation should be submitted covering each contested comment and/or recommendation.

If there are no errors or omissions to be brought to our attention, and there are no “Comments and Recommendations” requiring a response, please submit a statement that the Company accepts the Report.

The response must be in writing and shall be furnished to this Department by June 15, 2015. In addition to a hard-copy response, please also furnish the response electronically via e-mail to me, in a Microsoft “Word” format, to sean.odonnell@dc.gov.

Sincerely,

Sean O'Donnell
Director of Financial Examination,
Risk Finance Bureau

Enclosure

June 4, 2015

Mr. Sean O'Donnell
Director of Financial Examination,
Risk Finance Bureau
Department of Insurance, Securities and Banking
810 First Street, NE, #701
Washington, DC 20002

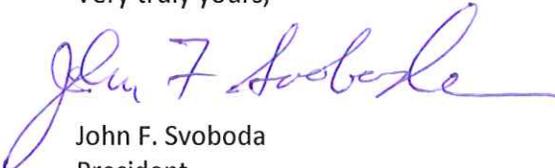
Re: Examination Report for ProBuilders Specialty Insurance Company, RRG as of December 31, 2013

Dear Mr. O'Donnell:

We have reviewed the draft copy of the Report on Examination ("Report") of the affairs and financial condition of ProBuilders Specialty Insurance Company, RRG as of December 31, 2013. We agree with and accept the Report.

Please contact me at 303.306.0001 if you have any questions regarding this matter.

Very truly yours,



John F. Svoboda
President



Government of the District of Columbia
Muriel Bowser, Mayor
Department of Insurance, Securities and Banking



Chester A. McPherson
Acting Commissioner

June 11, 2015

John F. Svoboda
President
ProBuilders Specialty Insurance Company, RRG
C/o Residential Loss Control Holdings, LLC
One Denver Highlands
10375 East Harvard Avenue, Suite 550
Denver, CO 80231

RE: Examination of **ProBuilders Specialty Insurance Company, RRG** as of
December 31, 2013

Dear Mr. Svoboda:

We are in receipt of your response dated June 4, 2015, regarding the Report on Examination of ProBuilders Specialty Insurance Company, RRG (the "Company") as of December 31, 2013. The response is deemed adequate.

The adopted Report (which includes a copy of this letter), and the Order evidencing such adoption are enclosed. Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the adopted Report will be held private and confidential for a period of 10 days from the date of the Order evidencing such adoption. After this 10 day period has passed, the Report will be publicly available. The Department of Insurance, Securities and Banking will forward the adopted Report electronically to each jurisdiction in which the Company is registered and to the National Association of Insurance Commissioners.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the date of the above-mentioned Order, affidavits executed by each Company director stating under oath that he or she has received a copy of the adopted examination Report and related Order shall be filed with this Department. Please send these affidavits to my attention at the Department.

Please contact me at 202-442-8153 if you have any questions.

Sincerely,

Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau

Enclosures