

ORGANIZATIONAL EXAMINATION
OF
GLOBAL HAWK PROPERTY AND CASUALTY INSURANCE COMPANY
AS OF
FEBRUARY 7, 2014

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached ORGANIZATIONAL EXAMINATION, made as of February 7, 2014 of the

GLOBAL HAWK PROPERTY AND CASUALTY INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: Brant Biddle

Date: August 20, 2014

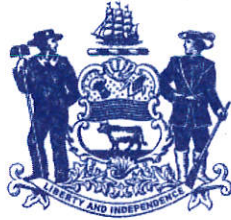


In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 20th day of August, 2014.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart".

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

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GLOBAL HAWK PROPERTY AND CASUALTY INSURANCE COMPANY
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The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart".

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 20th day of August, 2014

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SALUTATION

February 7, 2014

Honorable Karen Weldin Stewart, CIR-ML
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner:

In accordance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 14.014, dated January 8, 2014, an Organizational Examination has been conducted of the

GLOBAL HAWK PROPERTY AND CASUALTY INSURANCE COMPANY

hereinafter referred to as "Company", incorporated under the laws of the State of Delaware as a stock company with its statutory office located at Brandywine Village, 1807 North Market St., Wilmington, Delaware 19802. The registered agent at such address is Diane J. Bartels, Esq. The Company's main administrative offices are located at 2575 Collier Canyon Road, Livermore, CA 94551. This examination was conducted at the Company's administrative office and included meetings with management and a review of information regarding its formation, incorporation, business plan, capitalization, and its application with the Delaware Department of Insurance to become a newly licensed domestic Property and Casualty (all subdivisions), Marine, Transportation, Surety, and Health insurer in accordance with Title 18, Chapters 5 and 9, of the Delaware Insurance Code.

The report of this organizational examination is respectfully submitted herewith.

SCOPE OF EXAMINATION

This Organizational Examination was conducted in conjunction with the Company's application for a domestic Certificate of Authority in the State of Delaware. I have reviewed the Company's Corporate Records, records applicable to and attendant with its application, as well as its capitalization, made on February 6, 2014. I have also met with Company management and Board members and where questions arose within this review, I have accepted representations made by management to the extent supported by related material and facts contained within documents reviewed.

HISTORY

The Company was incorporated on November 13, 2012, under the laws of the State of Delaware and authorized to issue five hundred thousand (500,000) shares of \$10.00 par value shares. As evidenced by Certificate No. 1, and in consideration of its initial capitalization deposit of \$5,000,000 made on February 6, 2014, 200,000 shares of the Company have been issued to Group Hawks International, LLC, giving the Company paid up capital of \$2,000,000, and paid in surplus of \$3,000,000.

MANAGEMENT AND CONTROL

The Company's bylaws, originally adopted June 18, 2012, and as amended, state that the business and affairs of the Company shall be managed by a Board of Directors consisting of not less than three (3) nor more than ten (10) Directors, elected annually by the shareholder. Directors of the Company are not required to be residents of the United States. As of the February 7, 2014 examination date, the Company maintained six (6) Directors. The Directors are to be elected at the annual meeting of the Company's stockholder, to be held either within or outside the State of Delaware, and called by either a majority of the Board, shareholders

representing a majority of shares outstanding, the Chairman of the Board, the Chief Executive Officer, or the President. The following individuals were elected and qualified members of the Board of Directors as of this Organization Examination date:

Directors

Jasbir Singh Thandi	Chairman
Sandeep Singh Sahota	Secretary
Gunjan Aggarwal	Treasurer
Kamaljeet Thandi	
Dominic Flamiano	
Harold D. Coley, III	

All Directors and Officers of the Company were employees of Global Century Ins. Brokers, Inc. companies. See Organizational Chart and Plan of Operations below.

Committees

Pursuant to Article IV, Section 10 of the bylaws, the Board may elect from its own members an Executive Committee and such other committees as the Board may from time to time determine. As of the Organization Examination date, no committees had been established.

Officers

In accordance with Article V of the Company's bylaws, the officers of the Company shall be a Chairman of the Board, a Chief Executive Officer, a President, a Secretary, a Treasurer, a Chief Financial Officer, a Chief Operating Officer, Chief Business Officer, and other officers as may be designated by the Board and deemed advisable. Any two (2) or more Officers may be held by the same person, but no Officer may act in more than one (1) capacity where action of two (2) or more Officers is required. Each Officer shall be elected annually by the Board at their first meeting held immediately following the annual meeting of the shareholder and shall hold office at the pleasure of the Board and until their successors shall have been duly elected and

qualified. Elected officers serving the Company as of the Organizational Examination date were as follows:

<u>Officer</u>	<u>Position</u>
Jasbir Singh Thandi	President, Chief Executive Officer
Sandeep Singh Sahota	Chief Operating Officer
Gunjan Aggarwal	Chief Financial Officer
Harold D. Coley, III	Chief Business Officer
Dominic Flamiano	General Counsel
Geet Bala Prasad	Senior Vice President
Pavan Kaur Bains	Vice President
Francisco J.P. Rea	Vice President
Jose A.P. Prado	Vice President
Lai Fou Saelee	Vice President
Kelly E. Myers	Vice President
Gurtek Singh Gakhil	Vice President
Crystal R. Gonzales	Vice President

The National Association of Insurance Commissioners (NAIC) Biographical Affidavits of the Company's Officers and Directors as included in its Primary Application were reviewed during this examination without exception.

FIDELITY BOND COVERAGE

The Company was capitalized on February 6, 2014, and as of this report date, February 7, 2014, no Fidelity Bond coverage had been obtained. As represented by management it is intended that the Company will be added as a named participant of the Fidelity Bond of its ultimate owner, The Thandi Group, currently insured to limits of \$1,000,000.

ORGANIZATIONAL CHART

The Company is ultimately owned by Jasbir Singh Thandi, an individual possessing business interests in; trucking, commercial trucking insurance, premium finance, wholesale insurance brokerage, as well as commercial and residential real estate doing business primarily in central and northern California and employing approximately 35 individuals. As a private

individual, no personal financial information was available and was not required as a part of the Company's license application of Group Hawks International, LLC (GHI), a legal entity owned by Mr. Thandi, and the direct legal entity forming and owning the Company. The Thandi Group is owned by an individual and as such not publically traded nor publically rated by either Standard and Poor's or Moody's.

An abbreviated organizational chart of the Thandi Group domestic operations, as of February 7, 2014 is presented below:

Jasbir Singh Thandi *
Global Century Ins. Brokers, Inc. **
Thandi Ins. Brokerage, Inc.
Nova Financial, Inc.
American Freight Forwarders and Transportation, Inc. ***
Punjab Tiger Enterprises, Inc.
White Mountain Enterprise, LLC
Group Hawks International, LLC
Global Hawk Property and Casualty Ins. Co. ****

* In all material respects, Directors and Officers of each separate company share similar and interlocking functions with each company within the Thandi Group of companies.

** Global Century Ins. Brokers, Inc. (GCIB) is the lead company within the Thandi Group of companies and all employees of the group are legal employees of GCIB.

*** American Freight Forwarders and Transportation, Inc. is the sponsor of **Global Hawk Ins. Co.** (GHIC) (NAIC #11948), a Risk Retention Group (RRG) domiciled in Vermont. GHIC writes exclusively commercial trucking liability for its member insured's. As of its last filled Annual Statement (December 31, 2012), GHIC possessed assets totaling \$14,224,000, Policy Holder Surplus of \$4,671,000, Premiums Earned of \$6,200,000, and earned net income of \$294,000. GHIC has been profitable three of the last five years (2008 to 2012) earning net income totaling \$1,586,000 during this period. A review of the just completed draft examination report of GHIC by the Vermont DOFR for the three year period January 1, 2010 to December 31, 2012, showed no financial adjustments and only two none threatening comments regarding operations which were interpreted by this reviewer as general errors and over-sights. For the three years under review, GHIC experienced loss ratios of 64%, 63%, and 16%, for the years 2012, 2011, and 2010, respectively.

**** Company represented in this domestic license application Organizational Report.

As evidenced by Group Hawks International, LLC Board minutes, dated January 13, 2013, the Board authorized and directed that the President and Secretary of the Company execute and sign Uniform Consent to Service of Process in jurisdictions requiring it, and to seek

when appropriate Company licensing or authorization to operate and write insurance business in states it hoped to do business in. Twenty (20) states were identified in its Business Plan filed with the Department.

PLAN OF OPERATION

Due to its limitations in lines of business identified by the sponsor of Global Hawk Ins. Co. (GHIC), a Risk Retention Group (RRG) domiciled in Vermont (see above), the Company is being formed as an alternative intercompany affiliated carrier to write lines in addition to the exclusively commercial trucking general liability currently written in GHIC. The Company intends to write commercial trucking/automobile physical damage, liability, cargo, general liability, as well as private passenger physical damage and liability. As noted in its submitted business plan, risk limits will vary depending on policy type but in no case will risks exceed \$1,000,000 (liability) per occurrence, and \$100,000 (physical damage/cargo). The Company will use ISO forms and will have available policy deductibles ranging from \$1,000 to \$2,500.

It is intended that the Company will appoint its affiliate company, Global Century Insurance Brokers, Inc. (GCIB) as its Managing General Agent (MGA) with full underwriting, binding, and policy issuance authority. GCIB will have authority to analyze, qualify, appoint, audit, and provide training of Brokers authorized to submit policy applications.

Personnel currently handling claims of the sponsored RRG, GHIC, will perform claims handling of reported losses for the Company. It is intended that outside adjustors will be used to assist in valuing loss as needed.

Services and Cost Allocation

Through an as yet un-executed Services and Cost Allocation Agreement between the Co., GHIC – a RRG, GHI – its parent, and GCIB – its MGA, the companies will agree to perform (as called upon) and share all management services, investment management, accounting, financial and statutory reporting, underwriting and policy issuance, claims administration, tax return preparation/accounting, actuarial, legal, IT systems, marketing, sales, HR, real estate/office space management, and all other services required in the reasonable operations of their respective business. Service expenses and costs will be identified as Direct Expenses and Indirect Expenses. Direct expenses will be allocated to the separate company incurring such expenses. Indirect expenses shall be monitored during each accounting period and allocated on a fair and equitable basis, consistently applied. Within the Thandi Group, GCIB, is the lead company within the group and all employees providing services to the Company are legal employees of GCIB.

Other Service Providers

In addition to and in conjunction with services provided under the Services and Cost Allocation Agreement above, management has represented that additional services will be provided to the Company through existing intercompany arrangements with the following service providers:

Accounting - NAIC Filing	Rivers and Associates	Lexington, NC
Accounting - Auditors	Bauknight & Stormer, P.A.	Columbia, SC
Escrow Bank	M&T Trust Co. of DE	Wilmington, DE
CA Bank – Custodian	First Northern Bank	Walnut Creek, CA
Investment Manager	Frontier Wealth Strategies	Walnut Creek, CA
Actuarial	CapRisk Group	Nashville, TN
Registered Agent	Registered Agent Solutions, Inc.	Austin, TX
Attorney	Westmont & Associates	Cherry Hill, NJ
Rates and Forms Filings	Westmont & Associates	Cherry Hill, NJ

Tax Sharing

As represented by management, and until further evaluated at a future date, it is currently intended that Federal Income Taxes of the Company will be filed separately.

Reinsurance

As represented by management in its application filing, it is intended that reinsurance coverage will be placed in the Broker market with reinsurers rated as A- or higher by A.M. Best. Coverage will be \$750,000 xs \$250,000 for each and every loss occurrence during contract period.

CAPITAL AND SURPLUS REQUIREMENTS

As required under 18 Del. C. §511 Capital Funds Required, a newly formed company shall have minimum capital of \$500,000 and surplus of \$250,000 in order to qualify for authority to transact business in Delaware.

As shown in the section Financial Data, the Company possessed Capital of \$2,000,000 and Surplus as Regards Policyholders of \$3,000,000. The Company was capitalized on February 6, 2014, through a wire transfer of \$5,000,000 into its named bank account held at First Northern Bank, N.A. As reflected through the issuance of share 1, capital stock totaling 200,000 shares of the Company has been issued to its Group Hawks International, LLC.

FINANCIAL DATA

The capital and surplus position of the Company as of February 7, 2014, as determined by this examination was as follows:

<u>Assets</u>		
Note 1: Cash		<u>\$5,000,000</u>
Total Admitted Assets		<u>\$5,000,000</u>
 <u>Liabilities, Surplus and Other Funds</u> 		
Total Liabilities		\$ <u> -0-</u>
Common Capital Stock	\$ 2,000,000	
Gross Paid in and Contributed Surplus	\$ 3,000,000	
Surplus as Regards Policyholders		<u>\$ 5,000,000</u>
Total Liabilities and Surplus as Regards Policyholders		<u>\$ 5,000,000</u>

NOTES TO FINANCIAL STATEMENTS

Note 1: Cash \$5,000,000

Total cash consisted of \$5,000,000 deposited into the named account of the Company maintained at First Northern Bank, N.A, and deposited by wire transfer on February 6, 2014.

CONCLUSION

Based on the organizational examination conducted as of February 7, 2014, the capital and surplus of Global Hawk Property and Casualty Ins. Co. was found to be as follows:

Assets - Cash	<u>\$5,000,000</u>
Capital	\$2,000,000
Gross Paid in and Contributed Surplus	<u>\$3,000,000</u>
Total Capital and Surplus as Regards Policyholders	<u>\$5,000,000</u>

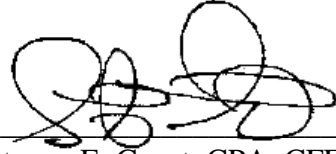
Upon completion of this organizational examination, the Company has complied with application requirements detailed in **Title 18 – Insurance Code** and has met the capitalization

Global Hawk Property and Casualty Insurance Company

requirements of a multiline property and casualty insurance company for the State of Delaware
Department of Insurance.

The examination was conducted by the undersigned.

Respectfully Submitted,

A handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above a horizontal line.

Steven E. Guest, CPA, CFE
Supervising Insurance Examiner
Department of Insurance
State of Delaware