



Governor Jim Pillen

June 9, 2025

Mrs. Kris Thomas, General Counsel
Central States Health & Life Company of Omaha and Censtat Casualty Company
1212 North 96th Street
Omaha, NE 68114

To the Management of Central States Health & Life Company of Omaha and Censtat Casualty Company

The Nebraska Department of Insurance financial examination of Central States Health & Life Company of Omaha and Censtat Casualty Company (the Company) has been completed for the years 2020 through 2023. During the course of the examination, we noted the following items that were not commented upon in the Report of Examination but, nevertheless, felt deserved the attention of management.

AML POLICY

On page 12, paragraph 9 of Appendix C of the company's Anti-Money Laundering Guidelines, the guidelines specifically label Rebecca Smart as its Compliance Officer. "CSO has designated Rebecca Smart, General Counsel, as its Compliance Officer who is responsible for money laundering deterrence and reporting procedures." According to the Company's organizational chart in of the EPQ, Kris Thomas is the newly appointed VP & General Counsel. This was also true from the previous Nebraska Department of Insurance exam.

It is suggested that the Company update its AML policy to properly reference its current organizational chart.

REINSURANCE CONTROLS

The Company's controls related to the evaluation of new reinsurers and monitoring existing reinsurers are not operating effectively.

Specifically, the Company is not consistently obtaining all required documentation - such as Certificates of Good Standing - as outlined in its Due Diligence and Reinsurance Checklist when evaluating new reinsurers.

Additionally, the Company is not conducting annual due diligence reviews in accordance with its stated procedures. While some fiscal year 2022 reviews were completed, they were dated April 2025, nearly three years after the fiscal year-end, indicating delayed execution. Furthermore, due diligence reviews were not provided for all fiscal year 2022 sample selections, meaning certain reinsurers have not had a documented due diligence review since fiscal year 2021, further highlighting inconsistent and insufficient oversight.

Moreover, in response to inquiries regarding the annual review of actual vs. expected experience for each reinsurer, the Company stated that it does not currently prepare an expected experience report. As this comparison is a key element of the Company's stated risk mitigation strategy, the control is not adequately achieving its intended purpose.

It is suggested that the Company obtain all documentation required to complete the due diligence and reinsurance checklist for evaluating new reinsurers as well as monitoring existing reinsurers.

Respectfully submitted,



Brian Davis, CFE
Examiner-in-Charge
Nebraska Department of Insurance