

FEB 28 2021

FILED

CERTIFICATION

February 28, 2021

I, Bruce R. Ramage, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

MEDICA REGIONAL INSURANCE COMPANY

AS OF

JANUARY 22, 2021

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



Bruce R. Ramage

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

MEDICA REGIONAL INSURANCE COMPANY

5601 SOUTH 59TH STREET, SUITE C

LINCOLN, NEBRASKA 68516

dated as of January 22, 2021, verified under oath by the examiner-in-charge on January 29, 2021, and received by the company on February 3, 2021, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 18th day of February 2021.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read "Justin C. Schrader". The signature is stylized with a large initial "J" and "S".

Justin C. Schrader, CFE
Chief Financial Examiner

QUALIFYING EXAMINATION

OF

MEDICA REGIONAL INSURANCE COMPANY

AS OF

JANUARY 22, 2021



Lincoln, Nebraska
January 29, 2021

Honorable Bruce R. Range
Director of Insurance
Nebraska Department of Insurance
1135 "M" Street, Suite 300
Lincoln, Nebraska 68508

Sir:

Pursuant to your instructions and statutory requirements, a qualifying examination has been made of the

MEDICA REGIONAL INSURANCE COMPANY

which has its Registered Office located at

5601 South 59th Street, Suite C
Lincoln, Nebraska 68516

with its Principal Executive Offices located at

401 Carlson Parkway
Minnetonka, Minnesota 55305

(hereinafter also referred to as the "Company") and the report of such examination is respectfully presented herein.

SCOPE OF EXAMINATION

The Company has made an application for a Certificate of Authority to transact the business of insurance as provided under Nebraska Revised Statute §44-201(4) (Sickness and Accident Insurance). In order to determine whether such authority should be granted, this examination has been conducted to ascertain if the Company has met the capital, surplus, and organizational requirements set forth by Nebraska Law.

HISTORY

The Articles of Incorporation of the Company were filed with the Secretary of State of the State of Nebraska on November 25, 2020, and approved by the Nebraska Department of Insurance on November 30, 2020.

The Articles of Incorporation were executed by the following Incorporators:

<u>Name</u>	<u>Address</u>
Mark Baird	Eden Prairie, Minnesota
Patrick Bourne	Omaha, Nebraska
John Buck	Naples, Florida
James Jacobson	Minneapolis, Minnesota
John Naylor	Wayzata, Minnesota
John Stanoch	Minnetonka, Minnesota

CAPITAL STOCK

The Articles of Incorporation states, “the Corporation shall have authority to issue Ten Million (10,000,000) common shares, with a par value of One and no/100 Dollars (\$1.00) per share...” At the date of this qualifying examination, the Company’s total issued and outstanding common stock consisted of 1,000,000 shares that had been subscribed to and purchased by Medica Affiliated Services, for a total purchase price of \$1,000,000. Medica Holding Company also contributed an additional \$9,000,000. The Company’s capital structure therefore consists of \$1,000,000 in common stock and \$9,000,000 in paid-in and contributed surplus.

MANAGEMENT

Shareholders

The By-Laws of the Company provide that, “an annual meeting of the Shareholders shall be held on or before June 30th of each year at a time to be selected by the Board, at the Corporation’s principal place of business or such other location as may

be specified in the annual meeting notice. The purpose of each annual meeting shall be to receive a report on the operations of the Corporation, elect Directors and transact any other business that may properly come before the meeting.”

Board of Directors

Article 3, Section 3.2 of the By-Laws provides that, “the Board of Directors shall consist of no more than fifteen (15) Directors. The candidates submitted to the Shareholders for election to the Board of Directors at the annual meeting of the Shareholders of the Corporation shall be those persons recommended by the Nominating Committee of Medica Holding Company. All Directors shall be elected by a majority of the voting power of the Shareholders.” Section 3.3 states that, “the terms of the Directors shall be staggered so that the terms of one or more Directors expire each year. The Board of Directors shall make appropriate arrangements to accomplish the staggering of terms. At each annual meeting of the Corporation, successors to the Directors whose terms shall then expire shall be elected pursuant to Section 3.2 to hold office for a term of three (3) years. Each Director shall serve until her or his successor has been elected and has qualified.” In addition, Section 3.8 of the By-Laws states, “the presence of a majority of the Directors shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Directors present may adjourn a meeting of the Board of Directors from time to time until a quorum is present.”

In lieu of a meeting, resolutions were made by the Incorporators of the Company, dated September 22, 2020, that the following persons be elected to the Board of Directors:

Name

Address

Mark Baird
Patrick Bourne
John Buck
James Jacobson
John Naylor
John Stanoch

Eden Prairie, Minnesota
Omaha, Nebraska
Naples, Florida
Minneapolis, Minnesota
Wayzata, Minnesota
Minnetonka, Minnesota

Officers

Article 4, Section 4.1 of the By-Laws states, “the Officers of the Corporation, who shall be one or more natural persons, shall consist of a President, a Chief Financial Officer, a Secretary, a Chairperson, a Vice Chairperson of the Board, and other Officers the Sole Shareholder deems necessary for the operation and management of the Corporation. The Chairperson and Vice Chairperson shall be elected by the Board. The President shall be designated the Chief Executive Officer of the Corporation. Any two offices may be held by the same person.” Article 4, Section 4.2 of the By-Laws states, “the Chairperson and the Vice Chairperson shall be elected by the Board from among the Directors annually by the affirmative vote of two-thirds (2/3) of the entire Board. The President, Secretary, and any other Officers the Sole Shareholder deems necessary for the operation and management of the Corporation shall be appointed by the President of the Sole Shareholder. The Board of Directors of the Sole Shareholder shall ratify the appointment of the President, Secretary, and any Executive Vice Presidents or Senior Vice Presidents. The appointment of Vice Presidents need not be ratified by the Board of Directors of the Sole Shareholder.” Article 4, Section 4.3 of the By-Laws states, “each Officer of the Corporation shall hold office until their respective successors are elected or appointed and have qualified, or until their earlier death, resignation, or removal.”

In lieu of a meeting, organizational resolutions were made by the Board of Directors of the Company, dated September 22, 2020, that the following persons be elected for the positions indicated:

<u>Name</u>	<u>Position</u>
John Naylor	Chief Executive Officer and President
Mark Baird	Chief Financial Officer and Treasurer
James Jacobson	Senior Vice President and Secretary
John Buck	Chairperson
John Stanoch	Vice Chairperson

CORPORATE RECORDS

The Articles of Incorporation have been properly filed with the Secretary of State of the State of Nebraska. The original By-Laws and other pertinent documents pertaining to the incorporation of the Company have been filed with the Nebraska Department of Insurance. The resolution of the Incorporators and the organizational resolutions taken by the Board of Directors were reviewed and appeared to be in order.

The Articles state that the registered office of the Corporation is 5601 South 59th Street, Suite C, in Lincoln, Nebraska, pursuant to Nebraska Revised Statute §44-205.01(b) which requires that the Articles of Incorporation state the place in Nebraska where the registered office will be located.

FINANCIAL STATEMENT

The following statements reflect the Company's financial condition as of January 22, 2021:

BALANCE SHEET January 22, 2021

Assets

Bonds – statutory deposit	\$ 100,000
Cash and cash equivalents	<u>9,900,000</u>
Total assets	<u>\$10,000,000</u>

Liabilities, Capital and Surplus

Total liabilities	\$ <u>0</u>
Common capital stock	\$ 1,000,000
Gross paid in and contributed surplus	<u>9,000,000</u>
Total capital and surplus	<u>\$10,000,000</u>
Total liabilities, capital and surplus	<u>\$10,000,000</u>

ASSETS

Bonds – statutory deposit **\$ 100,000**

The Company purchased a U.S. Treasury Note to serve as the statutory deposit for Nebraska. The par value of the bond was \$100,000. The deposit was verified by confirming the account with the receiving bank.

Cash and cash equivalents **\$9,900,000**

On December 30, 2020, the Company received \$10,000,000 in cash from Medica Holding Company for the initial capitalization of the Company. The Company used the cash to purchase a money market fund. After placing \$100,000 on deposit with the Nebraska Department of Insurance to satisfy statutory requirements, the remaining

balance at January 22, 2021 was \$9,900,000. This asset was verified by confirming the account with the receiving bank, and by reviewing the funds transfer documentation.

LIABILITIES, CAPITAL AND SURPLUS

Liabilities **\$ 0**

The Company had no liabilities at the time of this examination.

Common capital stock **\$1,000,000**

The Company's 1,000,000 outstanding shares were purchased by Medica Affiliated Services on September 22, 2020 for \$1.00 per share pursuant to the stock certificate. The stock certificate was reviewed for accuracy.

Gross paid in and contributed surplus **\$9,000,000**

Medica Holding Company made a cash contribution to the Company totaling \$9,000,000. The contribution was verified by reviewing the Company's holdings report for the cash equivalents account and the funds transfer documentation.

GENERAL COMMENTS

In accordance with Nebraska Revised Statute §44-208, " no domestic insurance company shall issue, cause, or allow to be issued any stock or stock subscriptions at any time upon which all expenses of distribution and sale, including promotion, commissions, and underwriting fees, exceed ten percent of the amount paid in money upon such stock or stock subscriptions."

An affidavit signed by the Chief Financial Officer of the Company stating that none of the assets of the Company have been pledged or in any way impaired has been obtained. The signed affidavit also states that all of the known expenses unpaid pursuant to Nebraska Revised Statute §44-208 are estimated to be \$0, and that all of the expenses

of the organization of the Company will not exceed ten (10) percent of the initial paid-in capital stock and surplus of the Company.

CONCLUSION

Capital, surplus, and organizational filing requirements have been met by the Company as required by the Nebraska Insurance Statutes. All items reviewed appeared properly stated. It is recommended that a Certificate of Authority be granted to this Company to transact the business of insurance as provided under Nebraska Revised Statute §44-201(4).

Respectfully submitted,



Kimberly A. Hurst, CFE
Financial Examiner
Nebraska Department of Insurance

State of Nebraska,

County of Lancaster,

Kimberly A. Hurst, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Medica Regional Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Medica Regional Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

Kimberly A. Hurst
Examiner-in-Charge's Signature

Subscribed and sworn before me by Kimberly Hurst on this 29 day of Jan, 2021.

(SEAL)

Carole Dailey
Notary Public

My commission expires _____ [date].



11-13-2022



**Report of Examination Affidavit
Medica Regional Insurance Company**

I, Mark Baird, the undersigned and duly elected Board Member of Medica Regional Insurance Company, a Nebraska corporation, do hereby certify that I am in receipt of the Final Examination Report for Medica Regional Insurance Company issued by the Nebraska Department of Insurance.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March, 2021.

MEDICA REGIONAL INSURANCE COMPANY

By: DocuSigned by:
Mark Baird
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Mark Baird



**Report of Examination Affidavit
Medica Regional Insurance Company**

I, Patrick Bourne, the undersigned and duly elected Board Member of Medica Regional Insurance Company, a Nebraska corporation, do hereby certify that I am in receipt of the Final Examination Report for Medica Regional Insurance Company issued by the Nebraska Department of Insurance.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March, 2021.

MEDICA REGIONAL INSURANCE COMPANY

By: DocuSigned by:
Patrick Bourne
FA19BF2D9EG74A0...
Patrick Bourne



**Report of Examination Affidavit
Medica Regional Insurance Company**

I, John Buck, the undersigned and duly elected Board Member of Medica Regional Insurance Company, a Nebraska corporation, do hereby certify that I am in receipt of the Final Examination Report for Medica Regional Insurance Company issued by the Nebraska Department of Insurance.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March, 2021.

MEDICA REGIONAL INSURANCE COMPANY

By: DocuSigned by:
John Buck
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John Buck




**Report of Examination Affidavit
Medica Regional Insurance Company**

I, David Ellenbogen, the undersigned and duly elected Board Member of Medica Regional Insurance Company, a Nebraska corporation, do hereby certify that I am in receipt of the Final Examination Report for Medica Regional Insurance Company issued by the Nebraska Department of Insurance.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March, 2021.

MEDICA REGIONAL INSURANCE COMPANY

By:  David Ellenbogen
EAE03361DCB7407...
David Ellenbogen

The signature block consists of the word "By:" followed by a blue DocuSigned signature box containing a handwritten signature. Below the signature box is a horizontal line with the name "David Ellenbogen" printed underneath. A small alphanumeric string "EAE03361DCB7407..." is visible below the signature box.

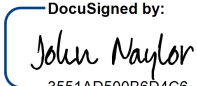


**Report of Examination Affidavit
Medica Regional Insurance Company**

I, John Naylor, the undersigned and duly elected Board Member of Medica Regional Insurance Company, a Nebraska corporation, do hereby certify that I am in receipt of the Final Examination Report for Medica Regional Insurance Company issued by the Nebraska Department of Insurance.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March, 2021.

MEDICA REGIONAL INSURANCE COMPANY

By:  DocuSigned by:
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John Naylor




**Report of Examination Affidavit
Medica Regional Insurance Company**

I, John Stanoch, the undersigned and duly elected Board Member of Medica Regional Insurance Company, a Nebraska corporation, do hereby certify that I am in receipt of the Final Examination Report for Medica Regional Insurance Company issued by the Nebraska Department of Insurance.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March, 2021.

MEDICA REGIONAL INSURANCE COMPANY

By: 

John Stanoch

DocuSigned by:
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