

APR 25 2025

FILED

# CERTIFICATION

April 25, 2025

I, Eric Dunning, 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

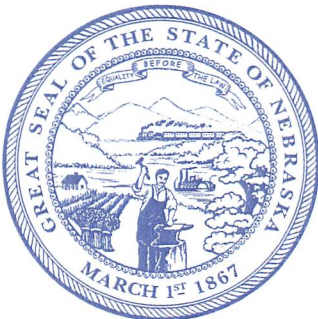
**MEDICA REGIONAL INSURANCE COMPANY**

**AS OF**

**DECEMBER 31, 2023**

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.



A handwritten signature in blue ink, appearing to read "Eric Dunning", is written over a horizontal line.

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**MEDICAL REGIONAL INSURANCE COMPANY**

**401 CARLSON PARKWAY**

**MINNETONKA, MN 55305**

dated as of December 31, 2023, verified under oath by the examiner-in-charge on  
February 25, 2025, and received by the company on February 26, 2025, has been adopted  
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 8<sup>th</sup> day of March 2025.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink that reads "Tadd R. Wegner". The signature is written in a cursive, flowing style.

Tadd Wegner, CFE  
Chief Financial Regulator

**STATE OF NEBRASKA**

**Department of Insurance**

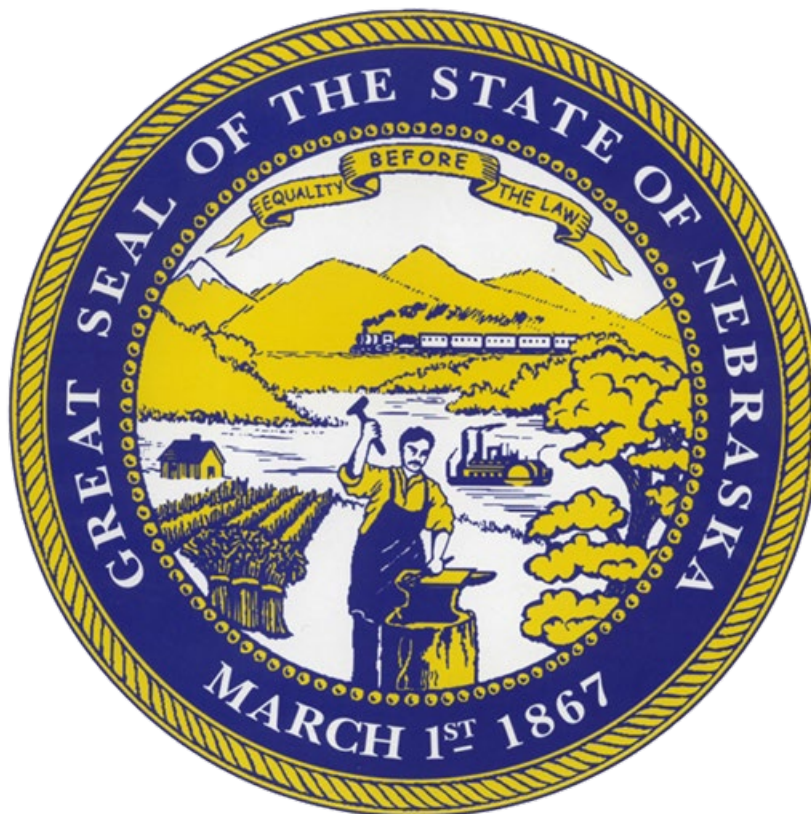
**EXAMINATION REPORT**

**OF**

**MEDICA REGIONAL INSURANCE COMPANY**

**as of**

**December 31, 2023**



## Table of Contents

<b><u>Item</u></b>	<b><u>Page</u></b>
Salutation.....	1
Introduction .....	1
Scope of Examination.....	2
Description of Company.....	4
History .....	4
Management and Control .....	4
Holding Company .....	4
Shareholder.....	5
Board of Directors.....	5
Officers.....	6
Committees.....	7
Territory and Plan of Operation .....	7
Body of Report.....	7
Growth .....	7
Financial Statements .....	8
Examination Changes in Financial Statements .....	9
Compliance with Previous Recommendations.....	9
Commentary on Current Examination Findings.....	9
Summary of Comments and Recommendations.....	10
Acknowledgment .....	11

Lincoln, Nebraska  
February 21, 2025

Honorable Eric Dunning  
Director of Insurance  
Nebraska Department of Insurance  
1526 K Street, Suite 200  
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

**MEDICA REGIONAL INSURANCE COMPANY**  
401 Carlson Parkway  
Minnetonka, MN 55305

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

### **INTRODUCTION**

This is the first full-scope examination of the Company. The state of Nebraska conducted a qualifying examination as of January 22, 2021. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2023 and such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska and Minnesota, Missouri, and Wisconsin participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company’s affiliates, Dean Health Insurance, Inc., Dean Health Plan, Inc., Medica Central

Insurance Company, Medica Central Health Plan, Medica Community Health Plan, Medica Health Plans, and Medica Insurance Company.

### **SCOPE OF EXAMINATION**

The examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including but not limited to: 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 and management's compliance with Statutory Accounting Principles and Annual Statement Instructions when applicable to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Minnesota Department of Commerce as the coordinating state and the Missouri Department of Commerce and Insurance and Wisconsin Office of the Commissioner of Insurance. The companies examined under this approach benefit to a large degree from common management, systems and processes, and internal control and risk management functions that are administered at the consolidated or business unit level.

The coordinated examination applies procedures sufficient to comprise a full scope financial examination of each of the companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the companies are domiciled. The objective is to enable each domestic state to report on their

respective companies' financial condition and to summarize key results of examination procedures.

The Nebraska Department of Insurance made a general review of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholder, Board of Directors, and committees held during the examination period were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed. Certificates of Authority to conduct the business of insurance in the various states were inspected, and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report."

Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Group's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by RSM LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2022 and 2023. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

## **DESCRIPTION OF COMPANY**

### **HISTORY**

The Company was incorporated under the laws of the State of Nebraska on November 30, 2020, as a for-profit insurance company authorized to provide health insurance products.

### **MANAGEMENT AND CONTROL**

#### **Holding Company**

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the "Ultimate Controlling Person," as reported in the 2023 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Medica Holding Company
  - MS Community JV, LLC (55% )
    - Medica Central Insurance Company
    - Dean Health Insurance
      - Dean Health Plan, Inc.
  - MS Community NFP JV, LLC (55%)



Medica Central Health Plan  
Medica Community Health Plan  
Medica Affiliated Services  
Medica Regional Insurance Company  
Medica Insurance Company

### **Shareholder**

Article 6 of the Company's Articles of Incorporation states that, "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 December 31, 2023, Company records indicated that 1,000,000 shares of common stock were issued and outstanding, which were owned by Medica Affiliated Services.

Article 2, Section 2.1 of the Company's By-Laws states 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 3.1 of the Company's By-Laws states 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."

The following persons were serving as Directors at December 31, 2023:

<b><u>Name and Residence</u></b>	<b><u>Principal Occupation</u></b>
Patrick Bourne Omaha, Nebraska	Vice President, Market Leader, Medica Services Company, LLC
John Buck Naples, Florida	Chief Executive Officer, Whitefish Ventures
David Ellenbogen Medina, Minnesota	Senior Vice President, Secretary & General Council, Medica Services Company, LLC
Lisa Erickson Minneapolis, Minnesota	President & Chief Executive Officer, Medica Services Company, LLC
John Stanoch Wayzata, Minnesota	Retired Hennepin County District Court Judge

### **Officers**

Article 4, Section 4.1, of the Company's By-Laws states that, "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."

The following is a listing of Officers elected and serving the Company at December 31, 2023:

<b><u>Name</u></b>	<b><u>Office</u></b>
Elizabeth Erickson	President, Chief Executive Officer, Chief Financial Officer, and Treasurer
John Buck	Chairperson
John Stanoch	Vice Chairperson
David Ellenbogen	Secretary
Daniel Abdul	Senior Vice President, Chief Technology Officer

<u>Name</u>	<u>Office</u>
Melissa Durant	Senior Vice President, Chief People Officer
Thomas Lindquist	Senior Vice President, Markets
Scott Reid	Senior Vice President, Strategy & Business Development
David Webster	Chief Clinical & Provider Strategy Officer

### **Committees**

Article 3, Section 3.16, of the Company’s By-Laws states that, “the Board of Directors may from time to time, by resolution, establish committees having the authority of the Board in the management of the business of the Corporation to the extent provided in the resolution.” At December 31, 2023, the Company had appointed the Finance Committee and Audit Committee of Medica Holding Company, the Company’s parent company, as their own.

### **TERRITORY AND PLAN OF OPERATION**

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in Nebraska. The Company has not written any business as of the date of this report.

### **BODY OF REPORT**

#### **GROWTH**

The following comparative data reflects the growth of the Company during the period covered by this examination:

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 99,796	\$ 578,072	\$ 582,996
Admitted assets	9,982,447	10,115,280	11,201,541
Total liabilities		32,729	723,065
Capital and surplus	9,982,447	10,082,551	10,478,476
Net investment income	(17,554)	131,583	501,334
Net income	(17,554)	100,104	395,925

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

### **FINANCIAL STATEMENT**

**December 31, 2023**

<b><u>Assets</u></b>		<b><u>Assets Not Admitted</u></b>	<b><u>Net Admitted Assets</u></b>
	<b><u>Assets</u></b>		
Bonds	\$ 582,996		\$ 582,996
Cash	9,971,589		9,971,589
Receivables for securities	<u>600,000</u>		<u>600,000</u>
Subtotal, cash and invested assets	\$11,154,585		\$11,154,585
Investment income due and accrued	<u>46,956</u>		<u>46,956</u>
Totals	<u>\$11,201,541</u>		<u>\$11,201,541</u>
<b><u>Liabilities, Surplus, and Other Funds</u></b>			
Amounts due to parent, subsidiaries and affiliates			\$ 140,011
Derivatives			<u>583,054</u>
Total liabilities			<u>\$ 723,065</u>
Common capital stock			\$ 1,000,000
Gross paid in and contributed surplus			9,000,000
Unassigned funds			478,476
Total capital and surplus			<u>\$10,478,476</u>
Totals			<u>\$11,201,541</u>

### **SUMMARY OF REVENUE AND EXPENSES – 2023**

Net investment income earned	<u>\$501,334</u>
Net investment gains	\$501,334
Net income before federal income tax	501,334
Federal income tax	<u>(105,409)</u>
Net income	<u>\$395,925</u>

### **CAPITAL AND SURPLUS ACCOUNT**

	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Capital and surplus, beginning		<u>\$ 9,982,447</u>	<u>\$10,082,551</u>
Net income	\$ (17,554)	\$ 100,104	\$ 395,925
Change in net unrealized capital gains less capital gains tax	1		
Capital changes paid in	1,000,000		
Surplus adjustments paid in	9,000,000		
Net change for the year	<u>\$9,982,447</u>	<u>\$ 100,104</u>	<u>\$ 395,925</u>
Capital and surplus, ending	<u>\$9,982,447</u>	<u>\$10,082,551</u>	<u>\$10,478,476</u>

### **EXAMINATION CHANGES IN FINANCIAL STATEMENTS**

Unassigned funds (surplus) in the amount of \$478,476, as reported in the Company's 2023 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

### **COMPLIANCE WITH PREVIOUS RECOMMENDATIONS**

No recommendations were made as a result of the previous examination.

### **COMMENTARY ON CURRENT EXAMINATION FINDINGS**

There are no comments or recommendations that have been made as a result of this examination.

## **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

There are no comments or recommendations that have been made as a result of this examination.

## **ACKNOWLEDGMENT**

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

In addition to the undersigned, Santosh Ghimire, CFE, CISA, and Caden Boesiger, AFE, Financial Examiners; all with the Nebraska Department of Insurance and Financial Examiners, Information Systems Specialists, and Actuarial Examiners with or contracted by the Minnesota Department of Commerce, Missouri Department of Commerce and Insurance, and the Wisconsin Office of the Commissioner of Insurance Department of Insurance participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Skyler Lawyer". The signature is fluid and cursive, with the first name "Skyler" and last name "Lawyer" clearly distinguishable.

---

Skyler Lawyer, CFE  
Assistant Chief Examiner  
Department of Insurance  
State of Nebraska

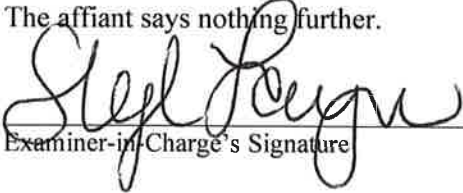
State of Nebraska,

County of Lancaster,

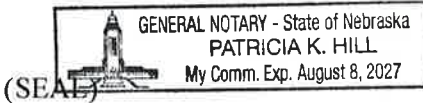
Skyler Lawyer, being duly sworn, states as follows:

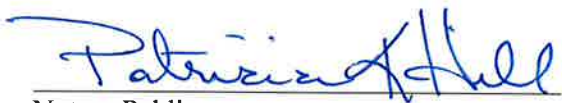
1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Medica Regional Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of the 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.

  
Examiner-in-Charge's Signature

Subscribed and sworn before me by Skyler Lawyer on this 25 day of Feb, 2025.



  
Notary Public

My commission expires 8-8-27 [date].