

MAR 29 2019

# CERTIFICATION

FILED

March 29, 2019

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

**OMAHA SUPPLEMENTAL INSURANCE COMPANY**

as of

**FEBRUARY 28, 2019**

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

**OMAHA SUPPLEMENTAL INSURANCE COMPANY**

**3300 MUTUAL OF OMAHA PLAZA**

**OMAHA, NEBRASKA 68175**

dated as of February 28, 2019 verified under oath by the examiner-in-charge on  
May 25, 2018 and received by the company on March 22, 2019 has been adopted  
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 29th day of March 2019.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read "Justin C. Schrader", written in a cursive style.

Justin C. Schrader, CFE  
Chief Financial Examiner

**QUALIFYING EXAMINATION**

**OF**

**OMAHA SUPPLEMENTAL INSURANCE COMPANY**

**AS OF**

**FEBRUARY 28, 2019**



Lincoln, Nebraska  
March 22, 2019

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

**OMAHA SUPPLEMENTAL INSURANCE COMPANY**  
3300 Mutual of Omaha Plaza  
Omaha, NE 68175

(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 January 7, 2019, and approved by the Nebraska Department of Insurance on January 7, 2019.

The Articles of Incorporation were executed by the following Incorporators:

**Name**

Stephen J. Abels  
James T. Blackledge  
Bradley N. Buechler  
Lance D. Grigsby  
Jay A. Vankat

**CAPITAL STOCK**

The Articles of Incorporation states, “the aggregate number of shares which the Corporation shall be authorized to issue is two million five hundred thousand (2,500,000) shares of common stock, par value \$1.00 per share, with a total par value for all shares of \$2,500,000.” At the date of this qualifying examination, the Company’s total issued and outstanding common stock consisted of 2,500,000 shares that had been subscribed to and purchased by Mutual of Omaha Insurance Company, a Nebraska Corporation, for a total purchase price of \$2,500,000. Mutual of Omaha Insurance Company also contributed an additional \$2,500,000. The Company’s capital structure therefore consists of \$2,500,000 in common stock and \$2,500,000 in paid-in and contributed surplus.

**MANAGEMENT**

**Shareholders**

The By-Laws of the Company provide that, “the shareholders shall meet annually on or before the 30<sup>th</sup> day of June in each and every calendar year, for the purpose of receiving the report of its Officers and Directors, to elect Directors whose terms expire, and to transact such other business as may be lawful for it to do.”

**Board of Directors**

The By-Laws provide that, “the Board of Directors shall consist of not less than five Directors nor more than nine. At least one of the Directors shall be a resident of

Nebraska. The Board of Directors shall be elected at the annual meeting of the shareholders by a majority vote of the stock represented in person or by proxy at the meeting for a term of one year each. The Directors shall hold office until their successors are elected and qualified.” In addition, the By-Laws state, “a majority of the total number of Directors currently holding office shall constitute a quorum at all meetings. If, at any meeting of the Board, a quorum is not present, a majority of those present may adjourn the meeting from time to time until a quorum shall have been obtained. The Board of Directors shall take no action in the absence of a quorum.”

In lieu of a meeting, a consent of shareholder was given by the Board of Directors of Mutual of Omaha Insurance Company, dated January 10, 2019, that the following persons be elected to the Board of Directors:

<u>Name</u>	<u>Address</u>
Stephen J. Abels	Omaha, Nebraska
James T. Blackledge	Elkhorn, Nebraska
Bradley N. Buechler	Omaha, Nebraska
Laura A. Fender	Omaha, Nebraska
Lance D. Grigsby	Omaha, Nebraska

### Officers

Article IV, Section 1 of the By-Laws states, “the Board of Directors may elect such Officers as are necessary to conduct the business of the corporation, including a President, Secretary, and Treasurer, and employ such other Officers and employees as may be required to carry on the business of the corporation and may fix their terms of office or employment and their salaries and compensation. Other Officers of the Corporation may be appointed from time to time by other Officers pursuant to authority granted by resolution of the Board of Directors.” The By-Laws also state, “terms of

office shall be fixed at the time of appointment, which shall not extend beyond the date set for the next annual meeting of the Corporation. All Officers shall be subject to removal at any time with or without cause by the Board of Directors or such other Officer as the Board of Directors may authorize.”

In lieu of a meeting, a consent to action was taken by the Board of Directors of the Company, dated January 10, 2019, that the following persons be elected for the positions indicated:

<b><u>Name</u></b>	<b><u>Position</u></b>
James T. Blackledge	President
Jay A. Vankat	Corporate Secretary
Scott M. Priebe	Treasurer
Stephen J. Abels	Vice President
Kurt S. Christiansen	Vice President
Laura A. Fender	Vice President
Richard R. Hrabchak	Vice President
Daniel J. Kennelly	Vice President, Chief Ethics and Compliance Officer
Alan D. Brinkman	Appointed Actuary
Leslie D. Hagg	Assistant Secretary
K. Wes Suter	Assistant Secretary
Pamela R. Malmos	Assistant Treasurer

### **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 consent of shareholder and the consent to action taken by the Board of Directors was reviewed and appeared to be in order.

The Articles state that the registered office of the Corporation is 3300 Mutual of Omaha Plaza, in Omaha, 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  
February 28, 2019:

**BALANCE SHEET**  
**February 28, 2019**

**Assets**

Bonds – statutory deposit	\$ 104,984
Cash and cash equivalents	4,894,973
Investment income due and accrued	<u>102</u>
Total assets	<u>\$5,000,059</u>

**Liabilities, Capital and Surplus**

Total liabilities	<u>\$ 0</u>
Common capital stock	\$2,500,000
Gross paid in and contributed surplus	2,500,000
Unassigned funds	<u>59</u>
Total capital and surplus	<u>\$5,000,059</u>
Total liabilities, capital and surplus	<u>\$5,000,059</u>



**ASSETS**

**Bonds – statutory deposit** **\$ 104,984**

The Company purchased a U.S. Treasury Note, which has a par value of \$105,000, to serve as the statutory deposit for Nebraska. The book value of the bond was \$104,984. The deposit was verified by confirming the account with the receiving bank.

**Cash and cash equivalents** **\$4,894,973**

On February 19, 2019, the Company received cash from Mutual of Omaha Insurance Company for the initial capitalization of the Company. As of February 28, 2019, the Company had a total of \$1,000,000 in cash and \$3,894,973 in a money market fund. This asset was verified by confirming the accounts with the receiving bank and the investment company, and by reviewing the funds transfer documentation.

**Investment income due and accrued** **\$ 102**

The bonds account had an accrued interest of \$102.

**LIABILITIES, CAPITAL AND SURPLUS**

**Liabilities** **\$ 0**

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

**Common capital stock** **\$2,500,000**

The Company's 2,500,000 outstanding shares were purchased by Mutual of Omaha Insurance Company on January 10, 2019 for \$1.00 per share pursuant to the stock certificate. The stock certificate was reviewed for accuracy.

**Paid in and contributed surplus**

**\$2,500,000**

Mutual of Omaha Insurance Company made a cash contribution to the Company totaling \$2,500,000. The contribution was verified by reviewing the Company's bank statement for the cash account and the funds transfer documentation.

**Unassigned funds**

**\$ 59**

Unassigned funds consists of transactions relating to the U.S. Treasury Note.

**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 Assistant Treasurer 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,


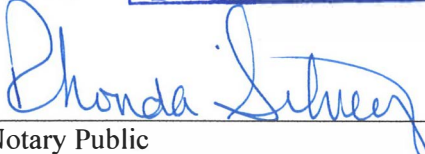
Kimberly A. Hurst, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Omaha Supplemental 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 Omaha Supplemental 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 Kimberly Hurst on this 22 day of March, 2019.

(SEAL)   
  
Notary Public

My commission expires 3-3-21 [date].