

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

DEC 22 2022

**APPROVED**

# CERTIFICATION

December 22, 2022

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

**PHYSICIANS SELECT INSURANCE COMPANY**

**AS OF**

**NOVEMBER 30, 2022**

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.



  
\_\_\_\_\_  
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**PHYSICIANS SELECT INSURANCE COMPANY**

**2600 DODGE STREET**

**OMAHA, NEBRASKA 68131**

dated as of November 30, 2022, verified under oath by the examiner-in-charge on December 20, 2022, and received by the company on December 21, 2022, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

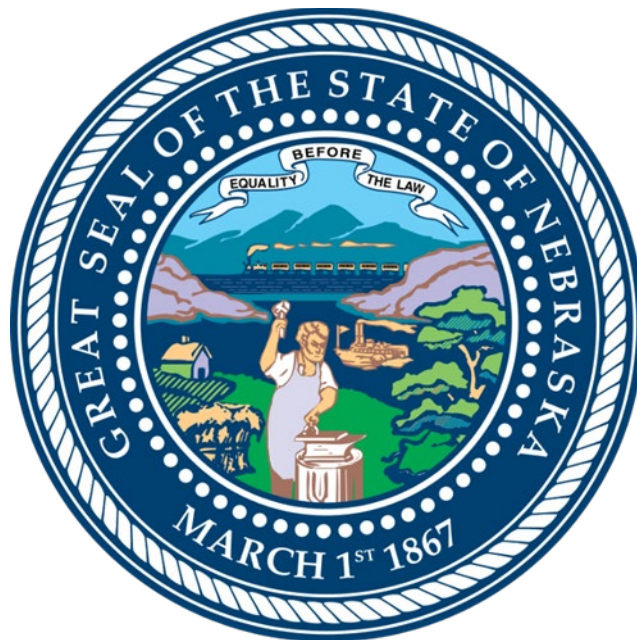
Dated this 22<sup>nd</sup> day of December 2022.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', is written over a horizontal line.

Justin C. Schrader, CFE  
Chief Financial Examiner

**QUALIFYING EXAMINATION**  
**OF**  
**PHYSICIANS SELECT INSURANCE COMPANY**  
**AS OF**  
**NOVEMBER 30, 2022**



Lincoln, Nebraska  
December 21, 2022

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

Sir:

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

**PHYSICIANS SELECT INSURANCE COMPANY**

2600 Dodge Street  
Omaha NE, 68131

(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 & Accident), (5) (Property & Casualty), and (18) (Marine). 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 August 18, 2022 and approved by the Nebraska Department of Insurance on August 29, 2022.

The Articles of Incorporation were executed by the following Incorporators:

**Name**

Robert L. Gunia  
Patricia M. Keairnes  
Edward J. Mullen  
Robert A. Reed, Jr.  
David P. Woods

**CAPITAL STOCK**

The Articles of Incorporation states, “the aggregate number of shares which the Company shall have the authority to issue is One Million Five Hundred Thousand (1,500,00) shares of common stock and the par value of each said share is One Dollar and 67/100 (\$1.67).” At the date of this qualifying examination, the Company’s total issued and outstanding common stock consisted of 1,500,000 shares that had been subscribed to and purchased by Physicians Mutual Insurance Company, a Nebraska Corporation, for a total purchase price of \$2,505,000. Physicians Mutual also contributed an additional \$2,500,000. The Company’s capital structure therefore consists of \$2,505,000 in common stock and \$2,500,000 in paid-in and contributed surplus.

**MANAGEMENT**

**Shareholders**

Article II of the By-Laws of the Company provide that, “the annual Shareholder meeting shall be held on the third Saturday in the month of February in each year, following the Board of Directors meeting of the Company’s Sole Shareholder, at the principal office of the Company, for the purposes of receiving the reports of the Officers, electing Directors, and for the transaction of such other business as may properly come before the meeting.”

**Board of Directors**

The By-Laws provide that, “the Board of Directors shall consist of not less than five (5) members, divided into three (3) groups as nearly equal in number as is possible. At least one-

third of the total number of Directors shall be persons who are not Officers or employees of the Company or of any entity controlling, controlled by, or under common control with the Company and who are not beneficial owners of a controlling interest in the voting stock of the Company or any affiliated entity ("Independent Directors"). At each annual meeting, one group of Directors shall be elected to replace the group whose term expires that year and to serve on the Board of Directors for a period of three (3) years. All Directors shall serve until their successors are elected and qualified. In addition, a person convicted of a felony may not be a Director; all Directors shall be of good moral character and known professional, administrative, or business ability, such business ability to include a practical knowledge of insurance, finance, or investment; and at least one of the total number of Directors shall be a citizen of the State of Nebraska.”

In a consent in lieu of an organizational meeting dated August 18, 2022, the incorporators of the Company resolved that the following persons be elected to the Board of Directors:

<u>Name</u>	<u>Address</u>
Daniel E. Burkey	Council Bluffs, Iowa
James T. Canedy, MD	Omaha, Nebraska
William A. Cutler, III	Omaha, Nebraska
Timothy C. Fitzgibbons, MD	Omaha, Nebraska
Martin M. Mancuso, MD	Omaha, Nebraska
Robert A. Reed, Jr.	Omaha, Nebraska

### **Officers**

Article IV, Section 1 of the By-Laws states, “the Officers of the Company shall consist of a President, one (1) or more elected Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. The Board of Directors also will elect a Chairman of the Board. Such other Officers

and Assistant Officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two (2) or more offices may be held by the same person.” Section 2 states, “the Officers of the Company to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Shareholders. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.”

In a consent in lieu of an organizational meeting dated August 18, 2022, the incorporators of the Company resolved that the following is a partial listing of Officers elected for the positions indicated:

<u>Name</u>	<u>Position</u>
Robert A. Reed, Jr	President and CEO
Melissa J. Crawford	Sr. VP-Chief Marketing Officer
Howard G. Daubert	Sr. VP-Corporate Services & Customer Group
Robert L. Gunia	Sr. VP-Public Affairs & Secretary
Edward J. Mullen	Sr. VP-CFO & 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 in lieu of an organizational meeting was reviewed and appeared to be in order.

Pursuant to Nebraska Revised Statute pursuant to Nebraska Revised Statute §44-205.01(b), the Articles state that the registered office of the Company shall be located at 2600 Dodge Street, Omaha, NE 68131.

## FINANCIAL STATEMENT

The following statements reflect the Company's financial condition as of November 30,

2022:

### BALANCE SHEET November 30, 2022

#### Assets

Bonds – statutory deposit	\$ 121,392
Cash and cash equivalents	4,883,765
Interest receivable	<u>1,053</u>
Total assets	<u>\$5,006,210</u>

#### Liabilities, Capital and Surplus

Total liabilities	\$ <u>0</u>
Common capital stock	\$2,505,000
Gross paid in and contributed surplus	2,500,000
Net income	<u>1,210</u>
Total capital and surplus	<u>\$5,006,210</u>
Total liabilities, capital and surplus	<u>\$5,006,210</u>

### ASSETS

**Bonds – statutory deposit** **\$121,392**

On September 21, 2022 the Company obtained a U.S. Treasury Note, which has a par value of \$130,000 to serve as the statutory deposit for Nebraska. As of November 30, 2022, the book value of the bond was \$121,392.38. The deposit was verified by confirming the account with the receiving bank.

**Cash** **\$4,883,765**

On September 14, 2022 the Company received cash from Physicians Mutual Insurance Company for the initial capitalization of the Company. As of November 30, 2022, the Company



had a total of \$4,883,765 in cash. This asset was verified by confirming the account with the bank and reviewing the funds transfer document.

**Interest Receivable** **\$ 1,053**

The bonds account had an accrued interest of \$1,052.64.

**LIABILITIES, CAPITAL AND SURPLUS**

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

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

**Common capital stock** **\$2,505,000**

The Company's 1,500,000 outstanding shares were purchased by Physicians Mutual Insurance Company on August 18, 2022 for \$1.67 per share pursuant to the stock certificate. The stock certificate was reviewed for accuracy.

**Paid in and contributed surplus** **\$2,500,000**

Physicians Mutual 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.

**Net Income** **\$ 1,210**

The net income as of November 30, 2022 is \$1,210.

**GENERAL COMMENTS**

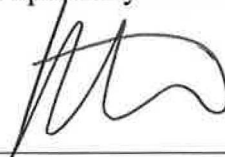
In accordance with Nebraska Revised Statute §44-208, " no domestic insurance company shall issue, cause, or allow to be issued any stock or stock subscriptions at any time upon which all expenses of distribution and sale, including promotion, commissions, and underwriting fees, exceed ten percent of 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), (5), and (18).

Respectfully submitted,



---

John Wiatr, CFE  
Financial Examiner  
Nebraska Department of Insurance

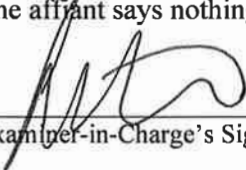
State of Nebraska,

County of Lancaster,

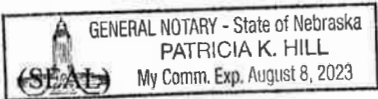
John P. Wiatr, being duly sworn, states as follows:


1. I have authority to represent the Department of Insurance of the State of Nebraska in the examinations of Physicians Select 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 examinations of 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 John P. Wiatr on this 20 day of Dec, 2022.



  
\_\_\_\_\_  
Notary Public

My commission expires 8.8.23 [date].